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 Onslow County, NC
 Rebecca L. Pollard Reg. of Deeds
 BK **3648** PG **450-475**

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
 OF
 THE BLUFFS ON NEW RIVER

This Declaration of Covenants, Conditions, Restrictions and Easements of The Bluffs on New River made and entered into as of the ____ day of _____, 2011, by and between Morton Investments, LLC hereinafter referred to as "Declarant" and all prospective purchasers and owners of the Lots of all Phases of The Bluffs on New River, the fifth phase being Lots numbered 64-84, 100, 142-156 as shown and depicted on the plan entitled, "Final Plat The Bluffs on New River Section V, a Planned Residential Development, Richlands Twp., Onslow Co., North Carolina" prepared by Parker & Associates, Inc. on August 19, 2011 for Morton Investments, LLC and recorded in Map Book 62, Page 179, Onslow County Registry.

WITNESSETH:

WHEREAS, Morton Investments, LLC ("DECLARANT") is the owner of the Lots and Common Areas lying and being situated in Onslow County, North Carolina, and being more particularly described herein; and,

WHEREAS, in order to create uniformity in the Development, Declarant has imposed the covenants herein set forth on the property more particularly described as follows:

Being all of that real property as shown on a map entitled "Final Plat The Bluffs on New River Section V, a Planned Residential Development, Richlands Twp., Onslow Co., North Carolina" prepared by Parker & Associates, Inc. on August 19, 2011 for Morton Investments, LLC and recorded in Map Book 62, Page 179, Onslow County Registry.

Common Area: Those tracts shown and depicted as "Common Area" on the plat of The Bluffs on New River, recorded in Map Book 59 Page 36 of the Onslow County Registry.

WHEREAS, Declarant desires to develop a single family residential community and intends by the recordation of this Declaration to impose rules, regulations, restrictions, covenants, conditions, reservations, exceptions, and easements contained herein (hereinafter sometimes called Restrictions) on the land depicted on the aforesaid map and any other land which is hereafter annexed into the Subdivision to the end that the Lots and Common Areas defined herein shall be held subject to said Restrictions.

NOW, THEREFORE, the Declarant hereby does declare that the Restrictions contained herein shall run with the property defined herein as Lots; shall be a burden on and a benefit to such property; shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof; and, shall inure to the benefit of each Owner or any part hereof.

A. Definitions As used herein,

(1) "Articles" means the Articles of Incorporation of The Bluffs on New River Homeowners Association, Inc. and any amendments thereto.

(2) "Bylaws" means the Bylaws of The Bluffs on New River Homeowners Association, Inc. and any amendments thereto.

(3) "Common Areas" means all real property (including the improvements thereto) and interests in real property now owned or hereafter acquired by the Corporation for the common use and enjoyment of the Owners. The Common Areas to be conveyed by Declarant to and owned by the Corporation are those tracts depicted as "Common Areas" on the plat of The Bluffs on New River, A Planned Residential Development. The Common Areas are subject to those easements set forth in this instrument, including but not limited to, Article I hereof.

(4) "Corporation" means The Bluffs on New River Homeowners Association, Inc., its successors and assigns.

(5) "Declarant" means Morton Investments, LLC and anyone designated by Morton Investments, LLC or its assigns.

(6) "Dwelling" means a structure located on a Lot built in accordance with the requirements of Article L hereof.

(7) "Entrance Facilities" means any Project entrance monuments or features, together with all related landscaping, signage, irrigation, and other ancillary improvements constructed as part of such entrance feature(s).

(8) "Lot" means a separately numbered tract of land shown on the aforesaid plat and any other separately numbered tract of land which is annexed into the Subdivision upon which a Dwelling is to be built. At the present time, the Lots are 64-84, 100, 142-156 inclusive. "Lot" shall not include any portion of the Common Area as defined herein.

(9) "Owner" means the record Owner, whether one or more persons, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(10) "Person" or "Persons" means any individual, group of individuals, corporation, partnership or any other entity, including any combination thereof.

(11) "Project" means the residential development to be constructed upon the Project Land.

(12) "Project Land" means the real property described as: **Being all of that real property as shown on a map entitled "Final Plat The Bluffs on New River Section V, a Planned Residential Development, Richlands Twp., Onslow Co., North Carolina" prepared by Parker & Associates, Inc. on August 19, 2011 for Morton Investments, LLC and recorded in Map Book 62, Page 179, Onslow County Registry**

(13) "Subdivision" means all of the property defined herein as Lots and Common Areas and such additions or annexations of property hereafter brought within the jurisdiction of the Corporation.

(14) "Board of Directors" means the Board of Directors of The Bluffs on New River Homeowners Association, Inc.

(15) "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements of The Bluffs on New River, a Planned Residential Development.

(16) "Committee" means The Bluffs on New River Architectural Control Committee constituted and having the powers as provided in Article J hereof.

B. Membership

(1) A corporation named The Bluffs on New River Homeowners Association, Inc., has been or will be formed at the direction of the Declarant pursuant to the rules and requirements of the Non-profit Corporation Act (Chapter 55A of the North Carolina General Statutes) as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Common Areas and facilities located upon the Common Areas; to enforce the Restrictions contained herein; and, to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

(2) Each Owner of each Lot within the Subdivision shall be a member of the Corporation. The Declaration, by this Declaration, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation: (A) that for so long as each is an Owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Corporation; and (B) that any unpaid assessment, whether general or special, levied by the Corporation in accordance with these restrictions, the Articles or the Bylaws shall be a lien upon the Lot upon which such assessment was levied and shall be the personal obligation of the person who was the Owner of the Lot at the time the assessment fell due.

(3) Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot. The books and all supporting documentation, the Declaration, the Articles, the Bylaws, and all amendments thereto shall be available for examination by all Lot Owners, and their lenders or their lenders' Agents during normal business hours at the principal office of the Corporation.

(4) The Corporation shall have two classes of members:

CLASS A. Class A member(s) shall be all Owners, with the exception of any Owners who qualify as Class B members, and they shall be entitled to one vote for each Lot owned; provided, however, when more than one Person holds

an interest in any Lot, all such Persons shall be members; however, the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any Lot.

CLASS B. Class B member(s) shall be the Declarant. Class B members shall be entitled to five votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

a. On January 1, 2015; or,

b. When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; provided, however, that in the event additional land is annexed into the Subdivision without the consent of Class A members pursuant to the development of such additional property by the Declarant as provided in Paragraph 7 of the Article I below and before the date in subparagraph (A) above, Class B membership shall be reinstated until January 1, 2015 or until the total votes in the Class A membership equal or exceed the total votes in the reinstated Class B membership.

C. Management and Administration

The management and administration of the affairs of the Common Areas of the Subdivision shall be the sole right and responsibility of the Corporation. The management shall be carried out in accordance with the terms and conditions of these Restrictions, the Articles and the Bylaws of the Corporation.

D. Community Expenses

The Community Expenses of the Subdivision include:

(1) All amounts expended by the Corporation in operating, administering, managing, repairing, replacing and improving the Common Areas of the Subdivision; all amounts expended by the Corporation in insuring the Common Areas of the Subdivision; all amounts expended by the Corporation in legal, engineering, or architectural fees; and all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the corporation by these Restrictions.

(2) All amounts expended by the Corporations in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

(3) All amounts declared to be Community Expenses in the Bylaws or in these Restrictions.

(4) All taxes and special assessments which may be levied from time to time by any governmental authority upon then Common Areas in the Subdivision.

E. Annual General Assessments

(1) The Declarant for each Lot owned, hereby covenant and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to covenant and agrees to pay to the Corporation annual general assessments or charges as hereinafter provided. The annual general assessments, together with interest, costs and reasonable attorneys' fee, shall be a charge and lien on the land and, subject to the provisions of Paragraph 8 of this Article, shall be continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

(2) Beginning January 1, 2011 the annual general assessment shall be **\$300.00** per year, payable on or before June 1 of each year. The first year's assessment shall be payable by purchaser and will be pro-rated to the day of closing.

(3) Prior to July 1, 2013, Declarant shall be responsible for maintaining the common area and shall not be required to provide accountings.

(4) From and after July 1, 2013, the annual general assessment may be increased by an amount greater than ten percent (10%) of the assessment for the previous year provided the proposed increase is approved by a vote of two-thirds (2/3) of the Board of Directors, at a meeting duly called for this purpose.

(5) The Board of Directors may fix the annual general assessments which come due after July 1, 2013 at an amount not in excess of the ceiling established herein.

(6) Once the annual general assessment has been set, notice of the annual general assessment shall be given to all Lot Owners. It is provided, however, that no Owner is relieved from the obligation to pay the assessment because of failure to give such notice. After the initial notice of the assessment, no bills for such assessment will be forwarded to any Owner but such assessment thereafter shall become due and payable as provided by the Board of Directors.

(7) As provided in the Bylaws and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Corporation and the Common Area, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. The Board of Directors shall keep separate, in accordance with Paragraph (F) hereof, items relating to the daily operation, management and maintenance of the Corporation and Common areas from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors, copies of said Budget shall be delivered to each owner and the assessment for said year shall be established, subject to the restrictions and limitations provided herein, based upon such budget; however, the non-delivery of a copy of said Budget to each Owner shall not affect the liability of any Owner for such assessment. The Annual Budget shall be divided by the number of Lots subject to the annual general assessment at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot for the succeeding fiscal year. In determining the number of Lots subject to the annual general assessments, any Lot which is owned by a Class B member shall only be considered one-fifth (1/5) of a Lot.

(8) The Board of Directors, in establishing the Annual Budget for operation, management and maintenance of the Corporation and Common Areas, shall designate therein a sum to be collected and maintained as a reserve fund for the periodic maintenance, repair and replacement of capital improvements to the Common Areas, which capital improvement and replacement fund (Capital Improvement Fund) shall be for the purpose of enabling the Corporation to maintain, repair or replace structural elements and mechanical equipment constituting a part of the Common Areas, as well as tree planting and removal and the replacement of personal property which may constitute a portion of the Common Areas held for the joint use and benefit of the Owners. The amount to be allocated to the Capital Improvement Fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for repair, maintenance and replacement of capital improvements to the Common Areas. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Corporation and such monies shall be used only for periodic maintenance, repair and replacement of Capital Improvements to the Common Areas. The Capital Improvement Fund shall be maintained out of the annual general assessments. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors, be expended for daily operation, management and maintenance of the Corporation and Common Areas.

(9) All monies collected by the corporation shall be treated as the separate property of the Corporation and such monies may be applied by the Corporation to the payment of any expense of operating and managing the Corporation, or the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws, except that monies placed in the Capital Improvement Fund shall be used only for the specified purposes of said fund. As monies for any assessment are paid into the Corporation by any Owner, the same may be commingled with monies paid to the Corporation by the Owners. Although all funds, including other assets of the Corporation, and any increments thereto or profits derived therefrom or from the leasing or use of Common Areas, shall be held for the benefit of the members of the Corporation, no member of the Corporation shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When the Owner of a Lot shall cease to be a member of the Corporation by reason of his divestment of ownership of such Lot, by whatever means, the Corporation shall not be required to account to such Owner for any share of the fund or assets of the Corporation, including any monies which Owner may have paid to the Corporation, as all monies which any Owner has paid to the Corporation shall be and constitute an asset of the Corporation which may be used in the operation and management of the Corporation.

(10) Written notice of any meeting called for the purpose of the Board of Directors taking any action authorized under Paragraph (2)(B) shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. Any member present at such meeting shall be given the opportunity to be heard by the Board of Directors for a length of time to be set by the Board of Directors, but in no event for less than three minutes per member wishing to be heard.

(11) Annual and special assessments shall, except as otherwise provided herein, be fixed at a uniform rate for all Lots. However, for so long as there is a Class B member of the Corporation, the Lots owned by the Class B member shall be liable for and the Class B member shall pay on each Lot as an annual general assessment only twenty percent (20%) of the amount of the annual general assessment then being levied by the Corporation on each Lot. This reduction in the amount of annual general assessments due on Lots owned by the Class B member shall terminate as to a particular Lot upon the Lot being conveyed by the Class B member by

deed, lease or rental agreement (excluding mortgage or deed of trust) to any person other than Declarant; further, this reduction in the amount of annual general assessments due by the Class B member shall cease upon the termination of Class B membership as herein provided.

(12) The annual general assessments provided for herein shall commence as to all Lots on July 1, 2013. The annual general assessments shall be payable annually on or before June 1 of each year. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Corporation within ten (10) days of the due date for such payment. When in default, the delinquent assessment shall bear interest at the rate of ten percent (10%) per annum until paid in full.

(13) The annual general assessments levied by the Corporation shall be used exclusively to improve, maintain and repair the Common Areas to pay the expenses of the Corporation, to pay the cost of tree planting and removal, to pay the costs of mowing and lighting the Common Areas, to pay the cost of any insurance the Corporation determines to purchase and to promote the recreation, health, safety and welfare of the members, and to comply with all terms of State Stormwater Management Permit No. SW8081221. Taxes, hazard insurance and maintenance on Dwellings and Lots shall not be a purpose of said assessment; but rather, shall be an individual cost to be borne by each Lot Owner.

(14) The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of assessments on a Lot is binding upon the Corporation as of the date of its issuance.

(15) The lien of the assessments provided for the herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage of any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall release such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

F. Special Assessments

Special Assessments may be levied against Lots for such reasons as are provided in these Restrictions, the Articles of the Bylaws, and on such terms as provided by the directors and the members. Upon a two-thirds (2/3) vote of the Directors, the Corporation may levy and impose special assessments. The purposes of which special assessments may be levied include, but are not limited to, providing funds to pay Community Expense which exceed the general assessment fund then on hand to pay same (specifically improvement upon the Common Areas, including fixtures and personal property related thereto) and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against specific lots. Special Assessments, together with interest, costs and reasonable attorneys fees shall be a charge and lien on the land and subject to the provisions of Paragraph 8 of Article E, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each assessment, together, with interests, costs and reasonable attorneys' fees, shall be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent special assessments shall not pass to a successor in the title to a lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot. Written notice

of any meeting of the members called for the purpose of levying and imposing special assessments shall be sent to all members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. At first such meeting called, the presence of members or of proxies entitled to cast ten percent (10%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not presented, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-quarter (1/4) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

G. Liens for Assessments

Any general or special assessment, if not paid within thirty (30) days after the date of such assessment is due, together with interest at the rate of ten percent (10%) per annum, costs of collection court costs, and reasonable attorneys fees shall constitute a lien against the Lot upon which such assessments is levied. The corporation may record notice of the same in the Office of the Clerk of Superior Court of Onslow County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein.

H. Compliance With This Declaration, The Articles and the Bylaws of the Corporation

In case of failure of a Lot Owner to comply with the terms and provisions contained in these restrictions, the Articles or the Bylaws of the Corporation, the following relief shall be available:

(1) An aggrieved Lot Owner or Owners within the Subdivision or any Lot Owner on behalf of all the Lot Owners within the Subdivision shall have the right to bring action and recover sums due, damages, injunctive relief, and/or such other further relief as may be just and appropriate.

(2) If the Violation is the nonpayment of any general or special assessment, the Corporation shall have the right to suspend the offending Owner's voting rights for any period during which an assessment against the Lot remains unpaid.

(3) The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

(4) The failure of the Corporation or any Person to enforce any restriction contained in these Restrictions, the Articles or the Bylaws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

J. Property Rights of the Lot Owners, Cross-Easements, and Exceptions and Reservations by Declarant

(1) Every Owner of a lot within the Subdivision as an appurtenance to such a Lot shall have a perpetual easement over and upon the Common Areas within the Subdivision for each and every purpose or use to which such Common Areas were intended as determined by

their type, or for which Common Areas generally are used. Such easements shall be appurtenant to and shall pass with the title to every Lot located within the Subdivision, whether or not specifically included in the deed thereto, subject to the following provisions:

- a. The Corporation shall have the right to make reasonable rules and regulations respecting the use of same.
- b. The Corporation may make reasonable rules respecting parking on the streets of the Subdivision.
- c. The Corporation shall have the right to dedicate or transfer fee simple title to all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Board of Directors.
- d. The Corporation shall have the right to mortgage, pledge, deed in trust, hypothecate, sell, or convey all or part of the Common Areas; provided, however, no such action may occur until an instrument agreeing to such action signed by two-thirds (2/3) of the Board of Directors.

(2) The Corporation hereinafter may grant easements for utility purposes for the benefit of the Subdivision and the Lots now or hereafter located herein, over, under, along and through any Common Areas located within the Subdivision.

(3) Any owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

(4) Easements for the installation and maintenance of utilities and drainage facilities are as shown on the recorded plat. Those easements are reserved by Declarant for the purposes of benefiting this subdivision and its other property in the area. Except as otherwise provided herein, no structure, planting, or other material shall be placed or permitted to remain within these easements which may interfere with the installation and maintenance of utilities, which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Declarant specifically reserves the right to grant any public utility, municipality or other property owner similar nonexclusive easement rights in said utility and drainage easements shown on the aforesaid plat and reserved herein.

(5) The Declarant reserved the right to subject the Lots in the Subdivision to a contract with the city of Richlands Utility Department or any other public utility or municipality for electricity and lighting the Lot, including the installation of underground electric cables, which contract may require an initial payment and/or continuing monthly payments to the City of Richlands utility Department or any other municipality or public utility by the Owner of each Lot. Such expense, including both initial and continuing monthly payments, shall be an individual cost to be borne by each individual Lot Owner and is not covered by the general assessments.

(6) The Declarant reserved the right to subject the Lots in the Subdivision to a contract with the City of Richlands Utility Department or any other public utility or municipality for street lights for Common Areas which contract may require an initial payment and/or

continuing monthly payments to the City of Richlands Utility Department or any other public utility or municipality. Such expense is included in the general assessments.

(7) Additional residential property and Common Areas may be annexed into the Subdivision and the corporation with the consent of one-third (1/3) of the Board of Directors. Annexation of additional property shall be accomplished by recording a Declaration of Annexation describing the property annexed and incorporating the provision of this Declaration by reference. The additional land shall be deemed annexed to the Subdivision and under the jurisdiction of the Corporation on the date of the recordation of the Declaration of Annexation. The Declaration of Annexation shall be duly executed by the Declarant.

(8) RESERVED.

(9) Each Owner of any Lot within the subdivision, as an appurtenance to such Lot, has and is hereby conveyed a perpetual, nonexclusive right of way and easement for the purposes of ingress, egress and regress to and from said Lot over, through and across the streets and roads shown on the Subdivision plat and/or described herein.

(10) Each Owner of any Lot, by acceptance of the deed thereto, and the corporation by acceptance of a deed for the Common Areas, grants to the Declarant, its successors and assigns, and Declarant hereby reserves perpetual nonexclusive general access and utility easements located over, along and through the streets and roads, utility lines, water lines and sewage lines presently existing, shown on the aforesaid plat or hereafter constructed. Such easements are nonexclusive and are for the purposes of providing utilities, water and sewage service and ingress, egress, regress and access to such area is annexed into this Subdivision. In its sole, unfettered discretion, Declarant may grant similar nonexclusive easement rights to various parties as they deem necessary and proper.

(11) The Common Areas shall remain common areas in perpetuity, and no action of the corporation shall eliminate any portion of the Common Areas unless such action is specifically authorized in writing by the City of Richlands or other appropriate governmental entity.

K. Architectural Control and Architectural Restrictions

(1) The Architectural Control Committee ("Committee") shall be comprised of three (3) persons. Any natural person may serve as a member of the Committee. Until July 1, 2013, Declarant shall have the right to appoint and remove the three (3) committee members with or without cause. After such date, the Board of Directors of Corporation shall have the right to appoint and remove members of the Committee with or without cause. Until July 1, 2013, Elijah Morton shall serve as the sole member of the Committee and shall act with the authority of the full Committee, as outlined in this section.

(2) Except as provided in Paragraph 7 of this Article J, before any structure, fence, building, wall or addition to any of the same shall be commenced, erected, or maintained upon and Lot and before any alteration (including painting) of the exterior portion of any structure located upon any Lot in the Subdivision shall be commenced (except as shall be undertaken by the Corporation itself), the party desiring to make such changes or erections shall submit and have approved by the Committee (hereinafter called "Committee"), plans and specifications detailing the changes and erections. The plans and specifications must show the structure, kind, shape,

height, materials, color and locations of the change or erection. Two (2) complete sets of Committee Application forms, final plans, and specifications for any and all proposed improvements, shall be (1) hand delivered to the committee, or (2) mailed certified or registered mail with the return receipt requested to the Committee. The Committee shall approve or disapprove such plans within thirty (30) days of receipt thereof. One set of plans and specifications and details with the approval or disapproval of the Committee shall be returned to the party submitting them and the other copy shall be retained by the Committee for its permanent files. Until July 1, 2013, the address of the Committee is 121 Garnet Lane, Jacksonville, NC 28546. After such date, the address is the address of the Corporation.

(3) Committee shall make its decision approving or disapproving the plans by taking into consideration the nature of the Subdivision, the aesthetics of proposed changes or alterations, the harmony of the proposed change or erection with the architectural style of neighboring buildings. Color schemes, durability of construction, relative costs, and protection of the investment of the Owners of the Other Lots in the Subdivision. Submission of incomplete or inaccurate plans and specifications may result in disapproval. The decisions of the Committee shall be final and not subject to appeal or review.

(4) If the Committee fails either to approve or disapprove any plans so submitted within thirty (30) days of their submission, the plans will be deemed approved. If court action challenging the lack of approval is not brought before a certificate of occupancy had been issued by the City of Richlands or other appropriate governmental entity or the improvement, the plans will be deemed approved.

(5) Neither the Committee nor any agent of the Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the forgoing provisions nor any structural or other defect in any work done according to such plans and specifications.

(6) The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is complete, and any subsequent purchaser thereof for value without notice thereof is in no way affected by failure of his predecessors in title to comply with the terms hereof.

(7) The provisions of this Article shall not apply to the original construction on a Lot by Declarant and no such approval shall be required for original construction by Declarant.

(8) The sole initial member of the Committee shall be Elijah Morton.

L. Insurance

(1) The corporation shall purchase and maintain at all times a comprehensive general liability insurance policy covering all Common Areas, public ways and any other areas that are under its supervision. The liability shall insure against liability to the public or to other lot owners, their tenants, guests or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Common Areas and any part thereof, and any other areas under the Corporation's supervision including public ways, if the Corporation supervises any such public ways. Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of a Lot Owner because of the negligent acts of the Corporation or other Lot Owners. Limits of liability shall be at least One Million Dollars (\$1,000,000.00) covering all claims for personal injury and/or property damage

arising out of losses related to employment contracts of the Corporation. The policy shall require the insurer to notify in writing the Corporation at least ten (10) days before the insurer cancels or substantially changes the coverage.

(2) It is the responsibility of each Owner to purchase and maintain hazard insurance on such Owner's Dwelling, personal property, fixtures and appliances. Each owner shall be responsible for purchasing the maintaining of any desired liability insurance covering his Lot and Dwelling.

M. Restrictions on Use and Occupancy

(1) The division of Lots is permissible provided that the number of Lots in the Subdivision is not increased (i.e., portions of lots are combined with other lots or other portions of lots to form a new Lot). Any such Lot which has been formed with portions of one or more Lots shall be considered a Lot as defined herein notwithstanding the fact that said Lot actually consists of portions of more than one original Lot. Drainage and utility easements not actually in use shall be moved to the perimeter lot lines of the reconfigured Lot. No Lot shall be used except for single family residential purposes, with the exception of builder model homes which shall be allowed. No building shall be located on any Lot except a Dwelling as defined herein and such other outbuildings as may be normal and customary accessories for a single family residential dwelling, including a private garage, and located within the building lines for said Lot as shown on the recorded plat.

(2) Every residential Dwelling constructed on a Lot shall contain at least seventeen hundred (1700) square feet of heated area. No mobile home, doublewide or prefabricated dwelling shall be allowed on any Lot. In addition, if such Lot consists of a two (2) story Dwelling, such Dwelling shall have not less than seven hundred (700) square feet of heated area on the first floor. **The Committee, in its sole discretion, shall maintain the authority to approve or disapprove any negative variations to heated living area for any Dwelling constructed on a Lot.** In addition, every dwelling shall have concrete drives and walks, sodded front yard from curb to the front of the house, a minimum of ten (10) three-gallon shrubs in front yard, and one (1) three-inch caliper tree in the front yard. **On corner Lots, the full length of the side yard must be sodded. All Lots must have concrete driveway pipes in driveway ditches and shall include concrete head wall around driveway pipes.**

(3) Any appurtenant structure shall be like materials, construction methods, and techniques, as the principle residential dwelling. Installation and/or construction of fences and appearance structures are permissible to the extent the intention and use are consistent with enjoyment of the property as defined under single family residential uses. These appurtenant structures shall not be allowed if they are made of metal, tin, aluminum, or any pre-manufactured application or technique that does not substantially resemble the principle residential dwelling materials and construction. All appurtenant structures shall be approved by the committee.

(4) Without the prior written consent of the Committee, nothing shall be done or kept in Dwelling or on Lot which will increase the rate of insurance applicable to the other buildings in the Subdivision. No Owner shall permit anything to be done or kept in his dwelling or on his Lot which will result in the cancellation of insurance on his Dwelling or of that of any of the neighbors. No waste may occur in the Common Areas.

(5) Placement and/or storage of any items on the exterior of a dwelling shall be permissible only to the extent the placement or storage is temporary in nature and is consistent with the enjoyment of the property as defined under the single family residential use. Temporary shall be defined as a period no greater than one calendar month.

(6) All motor vehicles of any type kept within the Subdivision shall have current registration and inspection certifications. No inoperable vehicles shall be kept "on blocks" within the Subdivision. Only automobiles, pick-up trucks or vans of a size of three-quarter ton or smaller and motorcycles shall be allowed to remain overnight on the Lots. No tractor, trailer or tractor-trailer may be kept within the Subdivision. It is provided, however, that during construction and development, construction trucks, tractors and equipment may be kept within the Subdivision by the Developer or his designees.

(7) No signs of any kind shall be displayed to the public view on any Lot except signs used by the Declarant or its agents to advertise the property during construction and sales period or one sign not more than six (6) square feet advertising the property for sale.

(8) No trash, ashes, garbage, or other refuse shall be dumped or stored or accumulated on the exterior of any Dwelling, except normal construction debris during construction.

(9) All outdoor receptacles located on a lot for ashes, trash, rubbish, garbage or recycling shall be screened or so placed and kept as not to be visible by occupants of other lots, except Declarant or a Builder may have a dumpster located on a Lot during construction. All trash or recycling bins must be removed from the curb within one day of trash or recycling pickup.

(10) No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

(11) 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 they are not kept or maintained for commercial purposes. Such pets shall be reasonable in size and number. Animals or pets shall not run at large. No Rotwilers, Pitbulls or Dobermans, or breeds with these bloodlines shall be allowed in the subdivision, either by Owners or their guests.

(12) The provisions of this Article are subject to the condition that for so long as the Declarant retains any Lot or any portion of the property in the Subdivision, whether shown and delineated on the aforesaid plat or later annexed into the Subdivision, which has not been sold leased, rented, or otherwise conveyed, the Declarant is hereby expressly permitted to maintain signs on the Common Areas.

(13) No outside radio or television antennas, or towers of any kind, shall be erected on any Lot or Dwelling unless and until permission for said has been granted by the Committee. Satellite dishes are allowed but must not exceed twenty-four (24) inches in diameter. No radio station or shortwave operator of any kind shall operate from any Lot or Dwelling without the prior written consent of the Committee.

(14) All plumbing fixtures, dishwashers, toilets, or sewage disposal systems shall be connected to a sewage system approved by the appropriate governmental authority and the Declarant. No outside toilet shall be constructed or permitted on any Lot after completion of the principal residential dwelling. Portable toilets shall be allowed during the construction period.

(15) No temporary house, manufactured mobile home, trailer, tent, garage or other outbuilding shall be placed on or erected on a Lot. Campers, boats, and RV's shall only be permitted on a Lot if they are parked in such a manner that they are not viewable from the street. Provided, however, the Committee may grant permission for a temporary structure for storage of materials during the construction period and the Declarant may maintain construction and/or sales trailers during the development period. No such temporary structure or appurtenant structure as may be approved shall be used at any time as a dwelling.

(16) Once construction of improvements is started on any Lot, improvements must be substantially completed in accordance with the plans and specifications as approved by the Committee within a reasonable time after commencement.

(17) No residence shall be occupied until the same has been substantially completed and a Certificate of Occupancy has been issued by the appropriate governmental authority.

(18) All structures constructed or placed on any Lot shall be build of substantially new materials and no used structure or materials shall be moved, relocated, or placed on any such Lot.

(19) Fuel storage tanks shall be buried below the surface of the ground or screened by shrubbery or other satisfactory means so that they will always be hidden from streets and Common Areas.

(20) No structure erected upon any Lot may be used as a model exhibit or model home unless prior written consent to do so has been obtained from the Committee. Provided, however, that notwithstanding any other provisions of this Declaration, Declarant may maintain model homes and sales offices in the Subdivision as long as Declarant own a Lot within the area described in Article A(10).

(21) No outside burning of garbage or refuse shall be permitted. Recreational burning is permitted provided that it is allowed by the County/State.

(22) Each lot owner shall be responsible for maintaining any Buffer areas to the rear of their individual lots, as may shown on the plat of The Bluffs on New River, a Planned Residential Development, hereinabove referred to, in their natural state. Interpretation and enforcement of this provision shall no be such as to preclude the removal of obvious hazards to adults, children and/or pets (i.e.: The removal of poisonous and/or harmful vegetation, insects, animals, etc., shall be permissible) If any lot owner refuses to repair or return these areas to a natural state as directed by the Homeowner's Association, then the Association may have the area repaired as needed and an assessment for those repairs may be levied against the lot owner as provided in Paragraph F and G of these covenants.

(23) The rules and regulations of the Corporation, as published and amended from time to time, may contain rules, regulations and requirements concerning the use of the Pond and any open space or other areas surrounding the Pond, which shall be in addition to any provisions of this Declaration. Except for fishing within any permitted areas designated by the Board, there shall be no swimming, use of personal flotation devices, or boating of any type (whether powered

or not) on the Pond. No Residential Owner shall construct or install any piers or docks on any portion of the Pond, or on any portion of a Lot which abuts a Pond, provided, however, that the Declarant or the Corporation may construct a pier or dock on or adjacent to the Pond for the use and enjoyment of the Residential Owners and their family members, guests and invitees. No Residential Owner shall be permitted to use water from the Pond for irrigation or for any other purpose whatsoever. Neither the Declarant nor the Corporation shall be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of the Pond.

(24) Except for any Entrance Facilities, screening wall, retaining wall or fence installed by Declarant which is expressly excluded from the restrictions in this Section, all fences proposed to be installed upon the Project Land require prior written consent of the Committee. Chain link or other similar metal fencing is expressly prohibited. Proposed fences should not exceed six feet (6') in height. Stockade style fences are allowed provided that they have a decorative cap running the full length of the top. Any portion of a fence that is facing the street must be decorative in style and design.

(25) If a fence backs to a pond, then only a four foot (4') picket fence may be used. Six foot (6') privacy fences are expressly prohibited as they block other views of the pond.

N. Waiver

No provisions contained in these Restrictions, the Articles or the Bylaws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

O. Variances

The Committee in its discretion may allow reasonable variances and adjustments of these Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit of the intent of this document to create a subdivision of Lots owned in fee by various persons with each such Owner having an easement upon areas owned by the Corporation. No variance or adjustment will be permitted if such would be materially detrimental or injurious to the welfare of the other property and improvements in the Subdivisions as determined by the Committee.

To be effective, a variance hereunder shall be recorded in the Office of the Register of Deeds of Onslow County; shall be executed on behalf of the Committee; and, shall refer specifically to this Declaration.

P. Duration, Amendment and Termination

(1) The covenants and restrictions contained in the Declaration shall run with and bind the land until June 1, 2030, after which time they shall be extended automatically for successive periods of ten (10) years. This Declaration may be amended in full or in part prior to July 1, 2013, by an instrument signed by not less than two-thirds (2/3) of each class of members, and thereafter, by an Instrument signed by not less than three-fourths (3/4) of each class of members provided, that no amendment shall alter any obligation to pay ad valorem taxes on the Common Areas or assessments for street lighting as herein provided, or affect any lien for the payment of same or alter the corporation's obligations under the State Stormwater Management

Permit No. SW8081221. Further, no such amendment shall affect the rights of Declarant unless such party executes the amendment.

(2) Invalidation of any one of these covenants or Restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

(3) Notwithstanding any other provisions of this document, Declarant may amend this instrument without the jointer or consent of any other person or entity if such amendment is required by any governmental agency for governmental approval.

(4) RESERVED

Q. Common Areas: Private

(1) Every Common Area and any facility thereon is private. Neither the Declarant's execution nor recording of the plat nor any other act of the Declarant with respect to the property is or is intended to be or shall be construed as a dedication to the public of any of said parks, recreational facilities or amenities other than as reflected herein. An easement for the use and enjoyment of each of the areas designated as Common Areas is reserved by the Declarant, its successors and assigns, for the benefit and use of its remaining property as described above and an easement for the use of such areas may be granted to the owners of such remaining property.

(2) All Common Areas shall be owned by the Corporation and shall be acquired by the Corporation free and clear of all liens and encumbrances except pro rata ad valorem real property taxes for the year of conveyance, rights and easements reserved herein, and drainage and utility easements and mineral reservations as established in the chain of title.

(3) The Corporation shall maintain, at the Corporation's sole cost, the Entrance Facilities, including repair and replacement if any such Improvements are damaged or destroyed. The Corporation shall maintain such Improvements in a state of good repair and in conformity with the standards maintained in developments of a similar nature and quality as the Project. Notwithstanding the foregoing, the Corporation shall have the right, at any time, to modify the Entrance Facilities by reducing the amount of landscaping material to be maintained or by changing the type or density of any such landscaping material.

(4) The Corporation shall own and maintain the Ponds and any other portions of the Project Drainage System not maintained by a Governmental Authority or a Residential Owner, in good working order and in accordance with all applicable governmental requirements and regulations, so that the Project Drainage System continues to function properly in controlling storm water runoff and drainage from the Project.

(5) Any area shown on a Final Plat or the Site Plan as an "HOA Area" or other open area ("Open Space") and any Improvements installed thereon shall be owned, used and maintained by the Corporation in substantially the same condition and manner as installed and conveyed by Declarant and in accordance with any applicable County requirements. Open Space may contain other specific items of Corporation Property, or portions thereof, including but not limited to, Entrance Facilities, Ponds and other portions of the Project Drainage System.

(6) Any portion of the Project Land shown on a Final Plat as a landscape area, landscape buffer, or landscape easement or otherwise established for landscape use ("Landscape

Areas”) shall be used and maintained by the Corporation substantially in the same fashion as constructed by Declarant. To the extent that any portion of a Landscape Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Corporation as provided in Section R.

(7) Any portion of the Project Land shown on a Final Plat as an entryway area or easement and the Improvements thereon (“Entryway Area”) or signage area or easement and the Improvements thereon (“Signage Area”) shall be used and maintained by the Corporation in substantially the same fashion as landscaped and constructed by Declarant. To the extent that any portion of an Entryway Area or Signage Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Corporation as provided in Section R.

(8) Such portions of the Association Property upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located or to be located upon. Until the Turnover Date, Declarant reserves the right, but shall not be obligated, to construct additional facilities upon the Association Property. Upon the completion of any such facility (if applicable), the Corporation shall be responsible for keeping, maintaining, and insuring such facility in good condition and repair, and the expenses of maintaining, repairing, insuring, and operating such facility shall become an Operating Expense, and if necessary to accommodate the additional Operating Expense, the Base Assessment will increase accordingly. If such facility is constructed, the owner of the land on which the facility is constructed shall have the right to use such facility subject to the conditions and limitations as established by the Corporation.

(9) Except as may otherwise be expressly provided for herein, for the term of this Declaration, the Corporation Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Corporation and the Residential Owners, their family members, guests, invitees and lessees, and any other Person authorized to use the Corporation Property or any portion thereof by Declarant or the Corporation but only in accordance with this Declaration and the laws of the County and the applicable Governmental Authorities.

(10) Declarant, hereby expressly reserves the right to use the Corporation Property, the Lots and the unsold Living Units in connection with the sale and marketing by Declarant of Living Units or Lots in the Project, including, but not limited to, the holding of sales and marketing meetings, sales promotions and related activities.

(11) The Corporation Property shall be conveyed to the Corporation for ownership. All real property designated as Corporation Property on a Final Plat or otherwise identified herein or by Declarant as Corporation Property, will be conveyed to the Corporation by deed or by easement. All personal property or interests in personal property shall be conveyed to the Corporation by bill of sale or by delivery of possession to Corporation. Declarant shall have the right to convey Corporation Property to the Corporation at any time following Declarant’s completion of any Improvements to be constructed or installed upon such Corporation Property. Upon completion of any Improvements thereon or thereto by the Declarant, the Corporation will immediately become responsible for all maintenance, repair and replacements therefore, the operation thereof and such additional construction of Improvements as may be authorized by the Board. It is the intent of this provision to provide that the Corporation will be responsible for all maintenance of Corporation Property when Improvements thereto have been completed, notwithstanding that the Declarant has not conveyed such properties to the Corporation but

continues to hold title thereto. Any such conveyance by the Declarant will be conveyed subject to all restrictive covenants filed in the Public Records at the time of conveyance, and the following:

- a. The right of access of the Declarant, its successors and assigns, over and across such property; and
- b. The right of the Declarant, the Committee, and the Corporation, as applicable, to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Corporation Property prior to the commencement of such activities or location of any object therein;
- c. All utilities and drainage easements; and
- d. All reserved rights set forth in this Declaration

The Declarant will not be required to so convey the Corporation Property where such conveyance would be prohibited under agreements to which the Declarant is a party on the date of establishment of such Corporation Property, but, in such case, Declarant will be allowed to postpone such conveyance without a penalty, until such time as said prohibition terminates, is released or is nullified.

In consideration of the benefits accruing to the Corporation and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Corporation hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to the Corporation filed in the Public Records, title or such other interest in property conveyed will vest in and to the Corporation without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Corporation.

R. Easements

(1) Each Residential Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Project Land under this Declaration.

(2) In addition to the easements set forth and specifically granted and referred to in other provisions of this Declaration, this Declaration hereby creates and establishes the following perpetual easements over and across the Project Land as covenants running with the Project Land for the benefit of the Residential Owners, the Corporation, Declarant, and other Persons as hereinafter specified for the following purposes:

- a. *Easements for Utilities.* There is hereby reserved for the benefit of Declarant, the Corporation, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any Governmental Authority or private utility company or other Person, upon, over, under, and across all of the Corporation Property in accordance with this Declaration; as show on the Site Plan or a Final Plat; and other such easement areas recited in any Supplement for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, the Project Drainage System, and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board, provided,

however, that for as long as the Declarant owns any of the Project Land primarily for the purpose of development and sale, the Board must obtain the written approval of Declarant prior to granting and accepting any such easements. To the extent practical, in Declarant's sole discretion, all utility lines and facilities serving the Project and located therein will be located underground. By virtue of any such easement and facilities, it will be expressly permissible for the providing utility company or other supplier or Person, with respect to the portions of the Project Land so encumbered, to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, to cut and remove any trees, bushes, or shrubbery, to grade, excavate, or fill, or to take any other similar action reasonable necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

b. *Easement for Encroachment.* If (i) any Improvements which are constructed as Association Property of upon Corporation Property, or (ii) any Improvements which are specifically constructed upon a Lot (subject to the limitation described below), encroach upon a Lot because of the placement, construction, reconstruction, repair, movement, settling or shifting of such Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments. This easement shall only apply to Improvements upon a Lot which constitute completed building Improvements which do not encroach more than three (3) feet into or upon an adjacent Lot, and shall not include fences, walls, patios, antennas, driveways, walkways, sign, mailboxes, pools, tennis courts, landscaping or other structures or Improvements which are not a completed building Improvement. If any Lot Improvement of the type described in the foregoing sentence encroaches upon the Corporation Property as a result of construction, reconstruction, repair, shifting, settlement of movement of the subject Lot Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments.

c. *Easement to Enter Upon Lots.* An easement or easements for ingress and egress in favor of Declarant, the Committee, the Corporation, including the Board or the designee of the Board, to enter upon the Lots for the purposes of inspecting any construction, proposed construction of Improvements, or fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Corporation Documents, including the making of such repairs, maintenance or reconstruction as are necessary for the Corporation Property or any Living Unit.

d. *Easement Over Association Property.* An easement of use and enjoyment in favor of all Residential Owners, their family members, guests, invitees and lessees in and to the Corporation Property which shall be appurtenant to and shall pass with title to every Lot and Living Unit, subject to the following:

- i. the right of the Corporation to suspend the voting rights and rights to use the Corporation Property of any Residential Owner for any period during which Assessments against his Living Unit or Lot remain unpaid;
- ii. the right of the Corporation to grant permits, licenses and easements over the Corporation Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Residential Development;
- iii. all provisions set forth in the Corporation Documents, including the easements granted and reserved in this Declaration;
- iv. Declarant's right to add Additional Land to this Declaration and the rights to grant easements for the benefit of any such Additional Land added to this Declaration.

e. *Project Drainage Easement.* An easement is hereby established over, under, across and upon the Project Land for the benefit of the Project Land (the "Project Drainage Easement"). The Project Drainage Easement shall be for the purpose of installing, constructing, maintaining, using, operating, repairing and replacing so much of the Project Drainage System as may be within the burdened property as may be required to provide storm water control for the benefited property in accordance with the approved development plans for the Project. The Project Drainage Easement shall burden and benefit all portions of the Project Land, and shall be appurtenant to the Project Land. The location of the Project Drainage Easement on such burdened property shall be reflected on the Final Plat of the applicable property. The Project Drainage Easement also includes reasonable rights to enter upon the burdened property in order to access the locations, facilities, and installations of the Project Drainage System thereon. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil or take any other similar action that Declarant or the Corporation deem reasonably necessary or appropriate. After such action has been completed, Declarant or the Corporation (as applicable) shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant and the Corporation shall give reasonable notice of its intent to take such action to all affected Residential Owners.

f. *Sale and Development Easement.* An easement in favor of Declarant over, upon, across and under the Project Land as may be reasonably required in connection with the development, construction, sale and promotion, or leasing, of any Lot or Living Unit within the Project or within any other property owned by Declarant, provided that no such easement shall be located within or upon any Living Unit and shall not materially adversely impair or diminish any Residential Owner's use or enjoyment of such Residential Owner's Lot or Living Unit.

g. *Maintenance Easements.* If any Living Unit is located closer than five (5) feet from its Lot line or if any utility lines or facilities exclusively serving a Living Unit are located in whole or in part on an adjoining Lot, the Residential Owner of said Living Unit shall have a perpetual access easement over the adjoining Lot to (i) repair, maintain, perform, paint, or reconstruct his Living Unit, and (ii) to repair, maintain, replace, and inspect any utility lines or facilities serving his Living Unit. Within said easement area no fence or vegetation shall be located.

h. *Blanket Easement.* An easement is hereby reserved in favor of Declarant and the corporation over the Lots and Corporation Property for the installation, operation, inspection, and maintenance of landscaping, a common cable television system, a common sprinkler system, entrance sign or features, or any other item for the common enjoyment and benefit of the Residential Owners. No Residential Owner shall damage, destroy, alter or otherwise disrupt any of such items so installed. Each Residential Owner shall hold the Corporation and/or Declarant harmless from the cost of repairing or replacing any of such items that are damaged or destroyed the acts of such Residential Owner, his family, his guests or invitees.

i. *Additional Easements.* Declarant (until the Turnover Date) and the Corporation, on their behalf and on behalf of all Residential Owners, each shall have the right to grant additional easements over, upon, under and/or across the Corporation Property in favor of Declarant or any Person, entity, Governmental Authority or utility company, or modify, relocate, abandon or terminate existing easements benefiting or affecting the Project Land. In connection with the grant, modification, relocation, abandonment or termination of any easement, Declarant reserves the right to relocate roads, parking areas, utility lines, and other Improvements upon or serving the Project Land. So long as the foregoing will not adversely interfere with the use of Living Units or Lots for dwelling purposes, no consent of any Residential Owner or any mortgagee of any Lot or Living Unit shall be required or only the consent of the Residential Owners and Institutional Mortgagees adversely affected shall be required. To the extent required, all Residential Owners hereby irrevocably appoint Declarant and/or the corporation as their attorney-in-fact for the foregoing purposes.

j. *Assignments.* The easements reserved hereunder may be assigned by Declarant or the Corporation in whole or in part to any Governmental Authority, or any duly licensed or franchised public utility, or any other designee of Declarant. The Residential Owners hereby authorize Declarant and/or the Corporation to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Project Land or portions thereof in accordance with the provisions of this Declaration.

k. Except as may be expressly provided otherwise, all easement rights reserved or granted to Declarant shall terminate upon Declarant no longer owning any portion or interest in the Project Land for sale in the ordinary course of business. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

S. Maintenance and Repair By the Residential Owners

(1) *Street Yard.* The Residential Owner of each Lot containing a Living Unit shall be required to maintain the landscaping of his Lot and on any contiguous property between his Lot and the pavement edge of any abutting road, in accordance with the provisions of this Declaration and the requirements of any controlling Governmental Authority. All such landscaping shall be maintained by the Residential Owner in good condition and appearance and, as reasonably required, mowing, watering, trimming, fertilizing, and weed, insect and disease control shall be performed by the Residential Owner. Underground sprinkler systems may be installed, maintained and used to irrigate all landscaping on the Lot, or any other landscaping which the Residential Owner of the Lot is required to maintain pursuant to this Section. All

landscaped areas shall be primarily grass, and shall not be paved or covered with gravel or any artificial surfaces without the prior written consent of the Committee. All dead or diseased sod, plants, shrubs, trees, or flowers shall be promptly replaced, and excessive weeds, underbrush or unsightly growth shall be promptly removed. No artificial grass, plants, or other artificial vegetation shall be placed or maintained on the exterior of any Lot.

(2) **Association's Right to Perform Maintenance.** If a Residential Owner fails to maintain his Lot or Living Unit in accordance with this Declaration, the Association shall have the right, but not the obligation, upon fifteen (15) days' written notice to the Residential Owner, to enter upon the Lot for the purpose of performing the maintenance and/or repairs described in such notice to the Residential Owner, as applicable. Provided, however, if the maintenance or repair is necessitated due to an emergency, the Corporation shall have the right to perform the maintenance and/or repairs upon 24 hours advance written notice. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Corporation against the Residential Owner as an Individual Expense Assessment.

T. Remedies

Enforcement of these restrictions and conditions shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or condition, either to restrain violation thereof or to recover damages therefore. Injunction shall not issue to compel the removal of or moving of any completed residence for violation of side setback or front setback restrictions, the sole remedy of any offended person being a suit for damages.

U. Applicability

These Restrictions shall apply only to the Lots specified herein or hereinafter annexed into the Subdivision. No other property is restricted.

V. Captions

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine, and the neuter to include the masculine and feminine.

W. Notice

All notices provided for or permitted pursuant to these Restrictions shall be in writing and, except as is herein otherwise expressly provided, notice shall be deemed sufficient and service thereof completed upon hand delivery or receipt, refusal or non-delivery of same when mailed postage prepaid to the party to or upon whom notice is being given or served at the address of such party last reflected on the records of the Corporation.

X. Liberal Construction

The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a Subdivision of fee simple ownership of Lots and buildings governed and controlled by

rules, regulations, restrictions, covenants, conditions, reservations and easements administered by and Owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners. In the case of conflict between this Declaration, the Articles or the Bylaws, this Declaration shall control the Articles and the Bylaws, and the Articles shall control the Bylaws.

Y. Stormwater Regulations

(1) The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8081221, as issued by the Division of Water Quality under NCAC 2H.1000.

(2) The State of North Carolina is made a beneficiary of these Covenants to the extent necessary to maintain compliance with the Stormwater management permit.

(3) These covenants are to run with the land and be binding on all persons and parties claiming under them.

(4) The covenants pertaining to Stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

(5) Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

(6) The maximum allowable built-upon area per lot is as stated on Exhibit A of these Restrictive Covenants. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

(7) All runoff from the built-upon areas on the lot must drain into the permitted system. This may be accomplished through a variety of means including roof drains and gutters, which drain to the street, grading to lot to drain toward the street, or grading perimeter swales to collect the lot runoff and directing them into a component of the Stormwater system. Lots that will naturally drain into the system are not required to provide these additional measures.

(8) Built upon area in excess of the permitted amount will require a permit modification.

a. If permeable pavement credit is requested, the property owner must submit a request, with supporting documentation to the permittees and receive approval prior to the construction of built upon area.

Z.

A portion of subdivision has been determined to meet the requirements for designation as a wetland. Any subsequent fill or alteration of this area shall conform to the requirements of the federal rules addressing wetland impact noted in the Code of Federal Register at the time of the proposed alteration. The intent of this provision is to prevent additional wetland and stream impact, so the property owner should not assume that a future application for filling or alteration would be approved. The property owner shall report

EXHIBIT "A"

The Bluffs on New River

Lot #	Lot Size (sq Ft)	BUA (sq Ft)	Lot #	Lot Size (sq Ft)	BUA (sq Ft)
1	38414	9000	44	32226	11000
2	43580	10500	45	25676	9000
3	45514	10500	46	22851	8000
4	168220	59000	47	26486	9000
5	70186	20000	48	22324	8000
6	24484	9000	49	23223	8000
7	24576	9000	50	22881	8000
8	23597	8000	51	22898	8000
9	21895	8000	52	31586	11000
10	33301	12000	53	29718	10000
11	21718	8000	54	34170	12000
12	29887	10000	55	28201	10000
13	32345	11000	56	29583	10000
14	30962	11000	57	23214	8000
15	31882	11000	58	24598	9000
16	32110	11000	59	20382	7000
17	28244	9000	60	18459	6000
18	36663	13000	61	17459	6000
19	32994	12000	62	17670	6000
20	34019	12000	63	21244	7000
21	82873	15000	64	28715	10000
22	81291	15000	65	23989	8000
23	54724	13000	66	23267	8000
24	57613	13000	67	37496	13000
25	64718	13000	68	27510	10000
26	61873	15000	69	25457	9000
27	37613	9000	70	24006	8000
28	30941	7000	71	24283	8000
29	30816	7000	72	41878	15000
30	34473	9000	73	79698	27000
31	47187	11000	74	78972	20000
32	24102	9000	75	37802	13000
33	28800	9000	76	38267	13000
34	51692	18000	77	39606	14000
35	26618	8000	78	29080	10000
36	11153	11000	79	22908	8000
37	26471	8000	80	22463	8000
38	23912	8000	81	22448	8000
39	28120	10000	82	27488	10000
40	54418	19000	83	41203	14000
41	28898	10000	84	54785	19000
42	20911	7000	85	57584	20000
43	25182	9000	86	37359	13000

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EXHIBIT "A"					
Lot #	Lot Size (sq ft)	BUA (sq ft)	Lot #	Lot Size (sq ft)	BUA (sq ft)
87	35373	12000	133	53170	19000
88	43523	15000	134	33854	12000
89	64521	20000	135	61469	20000
90	107523	37000	136	53673	19000
91	31104	11000	137	43647	15000
92	32097	11000	138	30926	11000
93	54976	19000	139	44325	19000
94	34372	12000	140	32084	11000
95	30489	11000	141	36642	13000
96	34874	12000	142	41131	14000
97	37041	13000	143	28800	10000
98	33906	12000	144	32000	11000
99	42734	15000	145	27199	10000
100	52106	18000	146	28441	10000
101	29967	10000	147	26810	9000
102	22543	8000	148	32230	11000
103	23786	8000	149	59468	20000
104	41402	15000	150	23656	8000
105	51489	18000	151	21449	8000
106	57523	20000	152	23822	8000
107	46221	16000	153	31299	11000
108	89739	20000	154	27202	10000
109	27877	10000	155	38861	14000
110	38426	13000	156	29581	10000
111	52871	18000	157	18030	6000
112	96000	20000	158	14400	5000
113	42000	15000	159	14425	5000
114	36498	13000	160	19984	7000
115	57399	14000	161	19358	7000
116	32196	7500	162	15213	5000
117	29862	7000	163	14585	5000
118	29109	7000	164	18235	6000
119	32271	7500	165	20750	7000
120	38864	9000	166	19816	7000
121	42962	10000	167	19000	7000
122	90001	18000	168	16540	8000
123	31271	11000			
124	34491	12000			
125	49990	15000			
126	34819	12000			
127	36782	13000			
128	41768	15000			
129	49973	17000			
130	28075	9000			
131	39943	14000			
131	37781	13000			

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