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 Onslow County, NC
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**DECLARATION OF RESTRICTIVE AND
 PROTECTIVE COVENANTS FOR
 KANTON HILLS, SECTION I**

STATE OF NORTH CAROLINA
 COUNTY OF ONSLOW

Prepared by and return to: Gaylor, Edwards and Vatcher, 219 New Bridge Street, Jacksonville, NC 28540

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS, made this the 10th day of March, 2005 by SUNSET COVE DEVELOPMENT, INC., a North Carolina corporation, hereinafter called "Declarant";

WITNESSETH:

THAT WHEREAS, the Declarant is the owner of the real property described in Article I of this Declaration and is desirous of subjecting said real property to the protective covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof.

NOW, THEREFORE, the Declarant hereby declares that the real property in and referred to in Article I hereof is and shall be held, transferred, sold and conveyed subject to the protective covenants set forth below.

ARTICLE I

SUBJECT PROPERTY

The real property which is, and shall be held, transferred, sold and conveyed subject to the protective covenants set forth in the Articles of this Declaration is located in the County of Onslow, State of North Carolina, and is more particularly described as follows:

BEING all that property as shown on that plat entitled "Final Plat Showing KANTON HILLS, SECTION I, Stump Sound Township, Onslow County, NC," prepared by John L. Pierce & Associates, P.A. and recorded in Map Book 48, Page 12, Slide L-631, [Three (3) Sheets] in the office of the Register of Deeds of Onslow County, North Carolina.

ARTICLE II

DEFINITIONS

Section 1. Association shall mean and refer to "Kanton Hills Owners' Association, Inc.", its successors or assigns.

Section 2. Board shall mean and refer to the Board of Directors of the Association.

Section 3. Common Area shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of all of the Owners. The Common Area to be conveyed to the Association prior to the conveyance of the first Lot shall consist of that portion of East Ridge Court shown on the recorded plat of Kanton Hills, Section I designated as "East Ridge Court - 60' R/W (Private) (hereinafter referred to as "East Ridge Court - Private" and being the shaded area as shown on said plat and those portions of Lots 71 and 72 designated as "Sign and Utility Easement" as shown on the plat of the Kanton Hills, Section I, recorded in Map

Book 48, Page 12, Slide L-631, in the office of the Register of Deeds of Onslow County, North Carolina. (hereinafter referred to as "Sign and Utility Easement").

Section 4. Common Expenses shall mean and refer to the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Articles of Incorporation of the Association and its By-Laws and all amounts expended by the Association in accordance with Article XXV in holding and being responsible for the obligations of the Stormwater Management Permit and overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities located within the subdivision as required by this Declaration and all amounts expended in enforcing the provisions of the Permit.

Section 5. Declaration shall mean the covenants, conditions, restrictions and easements and all other provisions set forth in this entire document, as may from time to time be amended.

Section 6. Declarant shall mean and refer to Sunset Cove Development, Inc., a North Carolina corporation, or any successor in title or any successor in interest of Sunset Cove Development, Inc. to all of the Property then owned by Sunset Cove Development, Inc., or if it is provided in writing by the Declarant that the successor in title or successor in interest is to assume the rights and obligations of Declarant, then to any successor in title or successor in interest to any portion of the Property then subject to this Declaration.

Section 7. Permit shall mean the state stormwater management permit number SW8 03092 as issued by the Division of Water Quality under NCAC 2H.1000, and any subsequent modification thereto or other stormwater management permit hereafter issued for any property annexed to the subdivision by the Declarant.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to this Declaration shall be a mandatory member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be severed from ownership of any Lot and shall pass automatically to an Owner's successor-in-title to the Lot.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

Class A: Initially, the Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Person shall be members. Provided, however, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. If multiple owners of a Lot cannot provide written verification of the authority of a designated individual to cast their vote, then no vote may be cast by that particular Lot Owner.

Class B: The Class B member shall be the Declarant 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:

- (i) at such time as seventy-five percent (75.0%) of the Lots have been sold and are occupied by permanent residents thereof; or
- (ii) ten (10) years from the date of recordation of this Declaration; or
- (iii) when, in its discretion, the Declarant so determines.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Members' Easement of Enjoyment. Subject to the provisions herein, every member of the Association shall have a right and easement of use and enjoyment in and to that portion of the Common Area designated as "East Ridge Court - Private" (including, without limitation, the right of vehicular and pedestrian access, ingress and egress to and from his/her Lot over "East Ridge Court - Private"), which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

- (a) the right of the Association to adopt and publish rules and regulations governing the

use of the Common Area, including, but not limited to, the right of the Association to levy fines against Owners for misconduct, abuse or other inappropriate activities relating to or occurring on the Common Area, which fines shall become a lien on the Owner's Lot in the same manner as are assessments as set forth herein;

(b) the right of the Association (i) to borrow money for the purpose of improving the Common Area, or any portions thereof, or constructing, repairing or improving any facilities located or to be located thereon, and (ii) upon the assent of two-thirds of the Class A members and the Class B member, if any, for improvements to the Common Area to give as security a mortgage or deed of trust conveying all or any portion of the Common Area; the lien and encumbrance of any such mortgage, however, shall be subject and subordinate to all rights, interests, easements and privileges herein reserved or established for the benefit of the Declarant, any Owner, or the holder of any mortgage, irrespective of when executed, given by the Declarant.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members; no such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members, agreeing to such dedication or transfer, has been recorded;

(d) the easements reserved as set forth in this Declaration.

Section 2. Declaration of Use. Any Owner may delegate, in accordance with the By-Laws, his/her right or use and enjoyment in and to the Common Area, together with the improvements thereon to the members of his family, his tenants, guests and invitees, subject to such rules, regulations and fees as may be established from time to time by the Association.

ARTICLE V

COVENANT FOR MAINTENANCE AND CAPITAL IMPROVEMENT ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments, and (ii) special assessments for capital improvements and such other items as may be needed in the opinion of the Association, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest thereon (at the rate of ten percent per annum) and costs of collection thereof, as hereinafter provided, including reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, including reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to any successor-in-title to such Lot, unless expressly assumed in writing.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the health, safety, pleasure and welfare of the Owners of the Lots and the costs and expenses incident to the operation of the Association, including, without limitation, compliance with the conditions of the Permit, the maintenance and repair of the Common Area and any entrance areas or other areas within the Subdivision and improvements thereon, the maintenance of services furnished by the Association, the purchase of insurance by the Association, the repair, maintenance and replacement of improvements on the Common Area, utility charges and expenses for maintenance and operation of the Common Area, payment of all taxes, insurance premiums and costs and expenses incidental to the operation and administration of the Association, and the establishment and maintenance of a reasonable reserve fund or funds.

Section 3. Computation of Annual Assessment. The initial annual assessment for the Common Area and compliance with the Permit shall be in the amount of \$ 100.00 per Lot, with the Owner's first assessment (or pro rata portion thereof) to be paid upon the closing of the sale and purchase of the Owner's Lot, or such other time thereafter as may be set by the Declarant. The annual assessment shall not be increased by more than ten percent (10.0%) above the previous year's annual assessment without the prior approval of a greater increase by a majority of the members of the Association at a duly called annual or special meeting.

At such time as the annual assessment is proposed to be changed from the initial annual assessment amount, the budget and the proposed annual assessment to be levied against each Lot shall be delivered to each Owner no later than ten (10) days prior to such annual or special meeting.

The annual assessments shall be equally divided among the Lots. The budget and the annual assessment shall become effective, unless disapproved at the annual meeting by either: (i) the Declarant, so long as there is a Class B membership, or (ii) a vote of a majority of the Owners voting in person or by proxy at such meeting with a quorum (as established by the By-Laws of the Association) being present. In the event the proposed budget is not approved or the Board of Directors fails for any reason to determine the budget for the succeeding year, then until a new budget has been established as provided herein, the budget and annual assessment in effect for the then current year shall continue for the succeeding year. If any budget at any time proves to be inadequate for any reason, the Board may call a meeting of the Association for the approval of a special assessment.

Section 4. Special Assessments. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, special assessments for expenses incurred to comply with the Permit and Common Area expenses, applicable to that year only, provided that any such assessment shall have the assent of a majority of the votes of the members of each class voting in person or by proxy at a meeting duly called for such purpose, and so long as such assessment applies to the appropriate category therefor.

Section 5. Notice for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 above shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting.

Section 6. Rate of Assessment. Annual and special assessments must be fixed at a uniform rate or all Lots and Owners.

Section 7. Date of Commencement of Annual Assessment: Due Dates. The annual assessment to be paid by Owners provided for herein shall commence as to each Lot on the date of closing of said Lot. Declarant, on behalf of itself and its successors and assigns, covenants and agrees to pay the annual assessment for each Lot owned by the Declarant. Contractors and builders holding title to any Lot or Lots solely for the purpose of constructing a residence thereon for resale or reconveyance likewise, shall not be obligated to pay any assessment. The due dates shall be established by the Declarant until there is no longer a Class B membership and then by the Board. The Association shall, upon demand, and for a reasonable charge, not to exceed twenty-five dollars (\$25.00), furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a specified Lot shall be binding upon the Association as of the date of issuance. If the Association fails to respond to any such request, any lien outstanding shall be deemed to have been extinguished. All such requests shall be sent to the Association in the same manner as provided for notices in Section 6 hereof.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10.0%) per annum. In such case, the Association may accelerate, at its option, the entire unpaid balance of the assessment and may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and interest, costs, including reasonable attorneys' fees, of any such action shall be added to the amount of the assessment.

Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for enforcement of liens against real property. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall the power to purchase any Lot at any sale and convey the same for the purpose of protecting its lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area, abandonment of his Lot or by renunciation of membership in the Association. An Owner may give to the Association, nevertheless, subject to acceptance thereof by the Association, a deed in lieu of action on lien.

Section 9. Subordination of Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or first purchase money security deed of trust representing a first lien on said property. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for

any assessments thereafter becoming due or from the lien thereof.

Section 10. Effect of Delinquency on Class A Members. Notwithstanding all of the foregoing rights of the Association, the Association shall have the further right to prohibit a delinquent Class A Member from using in any manner the Common Area.

ARTICLE VI

COMMON AREA MAINTENANCE

Except as otherwise provided herein, the Association shall maintain and keep in good repair all portions of the Common Area and improvements thereon. The Association's responsibility with respect to the Common Area shall be deemed to include the maintenance, repair and replacement of "East Ridge Court - Private" and the "Sign and Utility Easement".

ARTICLE VII

EASEMENTS FOR DECLARANT AND ASSOCIATION

Section 1. Access and Utility Easements. There is hereby created in favor of the Association an easement upon, across, over, through and under all Common Area for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems, including but not limited to, water, sewers, gas, telephones, electricity, television cables or communication lines and systems. An easement is further granted to the Association, its officers, agents, employees and any management company retained by the Association, to enter in or to cross over the Common Area and the Lots, to inspect and to perform the duties of maintenance and repair of the Common Area and the Lots, as provided herein. Should any utility furnishing service covered by the general easement herein provided request a specific easement by a separate recordable document, Declarant or the Association shall have the right to grant such easement on the Common Area without conflicting with the terms hereof.

Section 2. Easements for Declarant. Declarant hereby reserves for itself, its successors and assigns, the following easements and rights-of-way in, on, over, under and through any part of the Subdivision owned by Declarant and the Common Area for so long as Declarant owns any Lot primarily for the purpose of sale:

(a) For the erection, installation, construction and maintenance of wires, lines and conduits, and necessary attachments in connection with the transmission of electricity, gas, water, telephone, community antennae, television cables and other utilities;

(b) For the construction of improvements on the Lots;

(c) For the installation, construction and maintenance of storm water drains, public and private sewers, and for any other public or quasi-public utility facility;

(d) For the use of the Common Area and any sales office, model units and parking spaces in connection with its efforts to market Lots;

(e) For the maintenance of such other facilities and equipment as in the sole discretion of Declarant may be reasonably required, convenient or incidental to the completion, improvement and sale of Lots.

Section 3. Easements for Association. There shall be a general right and easement for the benefit of the Association, its directors, officers, agents and employees, including any management company retained by the Association, to enter upon the Common Area and the Lots to perform their respective duties.

ARTICLE VIII

PURPOSES

No lot or lots shall be put to any use other than for residential purposes, except that any lot which is owned by Declarant, or its assignee, may be used by the Declarant, or its assignee, for a street or roadway, or at the option of the Declarant, or its assignee, for a recreation building and area.

The Declarant, or its assignee, shall have the right to combine two or more adjoining lots, or portions of lots, if deemed to be in the best interest of the development of the subdivision.

ARTICLE IX

LAND USE AND BUILDING TYPE

No building shall be used except for residential purposes. No structure shall be erected, placed, altered, or permitted to remain on any such lot other than one single family dwelling not to exceed two and one-half stories in height, a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, and such other outbuildings as may be reasonably appurtenant to the dwelling, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. This covenant shall not be construed as prohibiting the use of a new single family dwelling as a model home for sales purposes.

ARTICLE X

DWELLING QUALITY AND SIZE

The ground floor area of the main structure, exclusive of one-story porches and garages, shall be not less than 1,000 square feet for a one-story dwelling, nor less than 700 square feet for a dwelling of more than one story.

ARTICLE XI

BUILDING LOCATION

No building shall be located on any corner lot nearer than 20 feet to the front line nor nearer than 20 feet to any side street line. No building shall be located with respect to interior side lot lines so as to be nearer than 8 feet to either such line. No dwelling shall be located nearer than 15 feet to the rear lot line, and no garage or other permitted accessory building shall be located nearer than 15 feet to the rear lot line. For the purposes of this covenant, eaves, steps, open porches, and carports shall not be considered as part of a building provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. An error of not more than 10 percent in the location of a building on the lot with respect to the minimum set back lines shall not be considered a violation of this covenant.

ARTICLE XII

NUISANCE

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.

ARTICLE XIII

EASEMENTS

Easements for installation and maintenance of signs, landscaping, utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

The Declarant reserves for itself, its successors and assigns, an easement and right at any time in the future to grant a right of way under, over and along the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, conduits, pipes, and other equipment necessary to or useful for furnishing electric power, gas, telephone service, drainage or other utilities including water and sewer services.

ARTICLE XIV

LIVESTOCK AND POULTRY

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for commercial purposes. Any and all pets shall not be allowed on the premises unless same are under the direct control of the owner at all times and are not creating a nuisance to the other owners within the property.

ARTICLE XV

BUILDING PLANS AND SPECIFICATIONS

No dwelling or other building shall be erected upon any lot unless the plans and specification thereof meet or exceed the requirements of "minimum property standards for one and two living units". (FHA. No.300), Federal Housing Administration.

ARTICLE XVI

ERECTION OF FENCES

No fences over five (5) feet in height shall be constructed between the front of the primary dwelling and the back lot line. No fence shall be erected between the front of the primary dwelling and the street right of way unless such fence shall be of an ornamental nature. Brick and split-rail shall be deemed to meet the requirements of this restriction.

ARTICLE XVII

GARBAGE AND REFUSE DISPOSAL

No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

ARTICLE XVIII

SIGHT DISTANCE AT INTERSECTION

No fences, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply upon any lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE XIX

TEMPORARY STRUCTURES

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding temporarily or permanently. No trailer, mobile home, camper or line vehicle shall be parked on any lot at any time for any purpose nor shall any vehicle be allowed to remain on any lot at any time for any purposes unless it is parked behind the main dwelling structure or placed inside the carport or garage.

ARTICLE XX

DRAINAGE

All driveways shall have drainage tile in the street ditches installed and sized in accordance with the N.C. State Highway recommendations.

ARTICLE XXI

TERM

These Covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these Covenants are recorded, after which such time such Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said Covenants in whole or in part, with the exception of Article XIX .

ARTICLE XXII

ENFORCEMENT

Enforcement shall be by proceedings at law or in equity against any person or person violating or attempting to violate any covenant, either to restrain violations or to recover damages.

ARTICLE XXIII

MODIFICATION

These restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by the Declarant or their successors in title and by the owner of not less than sixty percent (60 %) of the subdivided lots or parts of said subdivision to which these restrictions apply, and recorded in the Office of the Register of Deeds of Onslow County, North Carolina. If the Declarant, its successor or assign, owns sixty (60%) percent or more of the subdivided lots, the Declarant, its successor or assign, may alter or amend these covenants without consent of anyone.

ARTICLE XXIV

SEVERABILITY

Invalidation of anyone of these covenants by judgment or Court Order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE XXV

STORMWATER MANAGEMENT

The covenants and restrictions set forth in this Article XXV is intended to ensure continued compliance with state stormwater management permit number SW8 030922 as issued by the Division of Water Quality under NCAC 2H.1000.

(A) The allowable built-upon area for each lot is 9,736 square feet. 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 and coquina, but does not include raised, open wood decking or the water surface of swimming pools.

(B) Filling in or piping of any vegetative conveyances (i.e. ditches, swales, etc.) associated with the development, except for average driveway crossings, is strictly prohibited by any persons.

(C) Lots within CAMA's Area of Environmental Concern ("AEC") may have the permitted built-upon area reduced due to CAMA jurisdiction within the AEC.

(D) Each Lot will maintain a thirty (30) foot wide vegetated buffer between all impervious areas and surface waters.

(E) All roof drains shall terminate at least thirty (30) feet from the mean high water mark.

(F) No piping shall be allowed, except that minimum amount necessary to direct runoff beneath an impervious surface such as a road and that minimum amount needed under driveways to provide access to lots.

(G) Built-upon area in excess of the permitted amount requires a state stormwater management permit modification prior to construction.

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

(I) These covenants and restrictions may not be altered or rescinded without the express

written consent of the State of North Carolina, Division of Water Quality.

(J) The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.

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

Upon the transfer and conveyance of any Lot by the Declarant, each Lot Owner shall then be responsible for the continued compliance with the Stormwater Management Permit as to said Owner's Lot, including, but not limited to maintaining any swales or ditches on his/her/their Lot. Each Lot Owner shall be obligated to indemnify and hold the Declarant harmless from any liability arising from said Lot Owner's failure to comply with the Permit.

The Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities required to be located upon the Lots or upon any property annexed into the subdivision by the Declarant to the standards required by the applicable Permit. Upon completion of the initial construction of said Stormwater Management Facilities located in Kanton Hills, Section I, and thereafter, upon completion of the initial construction of the Stormwater Management Facilities required by the applicable Permit for any additional property annexed by Declarant into the subdivision, the Declarant shall transfer the applicable Permit for Kanton Hills, Section I, and the applicable Permit for the property annexed by Declarant into the subdivision to the Association and the Association shall accept the transfer of the applicable Permit from the Declarant upon the earlier to occur of: (i) the date the North Carolina Department of Environment and Natural Resources allows such transfer to occur, or (ii) in the case of Kanton Hills, Section I, the date after which at least fifty percent (50%) of the Lots are conveyed to Owners, other than the Declarant. With respect to property hereinafter annexed into the subdivision by the Declarant, the Permit may be transferred by Declarant after the date upon which at least fifty percent (50%) of the annexed Lots are conveyed to owners other than the Declarant. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, suit, damage or expense, including reasonable attorneys' fees, incurred in the defense of any action against Declarant as the holder of the Permit occurring after Declarant tenders transfer of the Permit to the Association. The Association's duties with regard to the Permit shall be carried out in accordance with the terms and conditions of this Declaration, the Articles of Incorporation, By-Laws and Permit. The Association is hereby granted an easement over, under and upon each Lot for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each Lot. In the event the Declarant annexes additional property into the subdivision and transfers the Permit to the Association, the Association shall have, and is hereby granted an easement over, under and upon each Lot for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each annexed Lot.

ARTICLE XXVI

COMPLIANCE WITH DEPARTMENT OF TRANSPORTATION TRAFFIC MAINTENANCE STANDARDS

Driveway headwalls, fences, mailboxes, newspaper delivery boxes or other roadside obstructions, constructed within the right of way of any street as shown on the recorded plat of the subdivision in a location or out of materials determined to be a traffic safety hazard by the North Carolina Department of Transportation or the Declarant, its successor or assign, shall not be permitted. It shall be the duty of the Owner of any Lot to remove such obstruction, at the Owner's sole expense, within thirty (30) days following written notification of such objection by the North Carolina Department of Transportation or Declarant, its successor or assign.

ARTICLE XXVII

STREET LIGHTING AGREEMENT

The Declarant reserves the right to subject the real property in this subdivision to a contract with Jones-Onslow Electric Membership Corporation or any other electric utility company for the installation of underground electric cables and/or the installation of street lighting, and/or entrance sign lighting, either or all of which may require an initial payment and/or a continuing monthly payment to Jones-Onslow Electric Membership Corporation or such other electric company by the owner of each dwelling.

ARTICLE XXVIII

ANNEXATION

The Declarant reserves the right to subject additional properties to the terms and provisions of these Restrictive and Protective Covenants by recordation of an amendment hereto specifically describing such property. The property which Declarant intends to subject to the terms and provisions of these covenants is the remaining area of land described in Deed Book 2009, Page 839, Onslow County Registry, but may include additional adjacent properties thereto (adjacent being defined as inclusive of properties across a right of way or water body). All or any part of such property may be subjected hereto; such property may be subjected hereto in one or more sections. However, to the extent that any portion of such property has not been subjected to the terms and provisions of these covenants by recordation of an amendment to these covenants in the office of the Register of Deeds of Onslow County, North Carolina, which amendment specifically exercises such right, on or before December 31, 2024, this right shall terminate, unless otherwise extended in writing.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be signed by its President, with authority duly given by its board of directors, the day and year first above written.

SUNSET COVE DEVELOPMENT, INC., a North Carolina corporation

By: Betty Bullock
Betty Bullock - President

NORTH CAROLINA
ONSLOW COUNTY

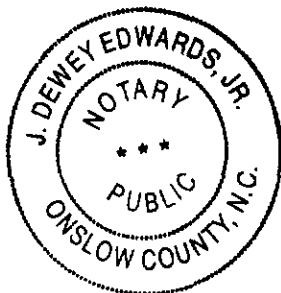
The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Betty Bullock, President of SUNSET COVE DEVELOPMENT, INC., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the said corporation, all by authority duly given by its board of directors.

Witness my hand and official stamp or seal, this 11th day of March, 2005.

My commission expires:

July 9, 2006

J. Dewey Edwards Jr
Notary Public



NORTH CAROLINA, ONSLOW COUNTY
The foregoing certificate(s) of J. Dewey Edwards Jr

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Mildred M. Thomas Register of Deeds for Onslow County
Deputy/Assistant-Register of Deeds