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Onslow County, NC
Rebecca L. Pollard Reg. of Deeds

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Prepared by: FRANK W. ERWIN, ATTORNEY
Board Certified Specialist in Real Property Law- Residential Transactions
Erwin & Simpson, PLLC Attorneys
825 Gum Branch Road, Suite 115
Jacksonville, NC 28540
910 455 1800

NORTH CAROLINA
ONslow COUNTY

**MASTER DECLARATION OF
COVENANTS AND RESTRICTIONS
(SF/MULTIPHASE - Streets/SW)
HIDDEN OAKS
(47F-1-101 et seq.)**

**NOTICE: THESE RESTRICTIVE COVENANTS CONTAIN PROVISIONS FOR
MEMBERSHIP IN AN ASSOCIATION OF OWNERS WHICH SHALL BE LIMITED
TO THE PURPOSE OF ARCHITECTURAL CONTROL AND MANAGEMENT OF
STORMWATER DEVICES AND STREETS.**

THIS DECLARATION OF RESTRICTIVE COVENANTS, is made this 27th day of
JULY, 2012, by the **HUNTER DEVELOPMENT CORPORATION**, a North Carolina
Corporation, ("**Declarant**") of Onslow County, North Carolina.

BACKGROUND STATEMENT

WHEREAS, Declarant is the owner of or may acquire a certain tract of land located in
Onslow County, North Carolina, (hereinafter referred to as "Development Area") and being more
particularly described on Exhibit A;

**ERWIN & SIMPSON Attorneys, PLLC - Telephone: (910) 455-1800
825 Gum Branch Road, Suite 115, Jacksonville, NC 28540**

AND WHEREAS, Declarant is constructing on a portion of the development area a "residential subdivision" which may include community facilities for the benefit of the community, with a planned mix of residential housing types, which may include without limitation detached single family homes and townhouses (hereinafter referred to as "Project");

AND WHEREAS, pursuant to 47F-1-101 et seq., Declarant desires to provide for the preservation and enhancement of the property values and amenities within said community and to provide for the maintenance of common areas, properties and improvements located thereon, and to this end desires to subject Project property to the covenants, restrictions, easements, charges and liens as are hereinafter set forth, each and all of which are for the benefit of said real property and each present and future owner thereof;

AND WHEREAS, pursuant to 47F-1-101 et seq., the Declarant also desires to provide and allow for the submission of additional "sections" to the Project as said phases are developed and completed, and to provide for equality of rights, privileges and obligations of all lot owners in all phases of the Project by adding additional phases by amendment to this Declaration by the recording of an Amendment hereto.

DECLARATION

NOW THEREFORE, it is hereby declared that the Project property described herein is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth; said property being more particularly described as follows:

BEING all of that property as shown on Exhibit A-1 ("Project Area"), attached hereto and incorporated herein by reference as if fully set forth, and being known generally as HIDDEN OAKS.

1. DEFINITIONS:

Section 1. "Association" shall mean and refer to **HIDDEN OAKS AT HUNTER'S CREEK HOMEOWNERS ASSOCIATION, INC.**, a North Carolina corporation, its successors and assigns, which shall be formed by the Declarant as provided in this Declaration.

Section 2. "Common Area" shall mean all real property owned by the Association for purpose of any stormwater control structures and other stormwater and associated appurtenances and vegetation, and any roads which are or maybe become property of the Association. if any, which may be constructed. "Common Area" shall specifically include any streets conveyed to the Association which have not yet been accepted by the North Carolina Department of Transportation.

Section 3. "Declarant" shall mean and refer to **HUNTER DEVELOPMENT CORPORATION**, a North Carolina Corporation, its successors and assigns.

Section 4. "Declaration" shall mean and refer to this instrument, as may from time to time be amended.

Section 5. "Living Unit" or "Unit" shall mean and refer to any portion of a structure situated upon the Properties designed and intended for use and occupancy as a residence by a single family, including without limitation detached single family homes, townhouse homes, patio homes and condominium units.

Section 6. "Property" or "Properties" shall mean and refer to any of the real property which is or may be subject to this Declaration or Supplemental Declaration.

Section 7. "Lot" shall mean and refer to any plot of land or condominium unit as defined in N.C.G.S. 47C-1-103, shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and includes any improvements thereon, if any.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties but shall not include those having such interest merely as security for the performance of an obligation.

Section 9. "Parcel" shall mean and refer to a portion or part of real property, together with the improvements located thereon, which becomes subject to this Declaration. This term shall include any additions to the existing Properties as herein provided.

Section 10. "Supplemental Declaration" shall mean and refer to any declaration of covenants, restrictions, easements, charges and liens recorded by the Declarant, or its successors and assigns, which applies to a specific Parcel within the Properties.

Section 11. "Project Property or Area" shall mean the total of the real property incorporated herein and described hereinabove in Exhibit A-1, together with all structures and other improvements thereon, together with such other portions of the Development Area as may from time to time be added to and incorporated in the Project Area by amendment of this Declaration.

Section 12. "Development Area" shall include that property described in Exhibit A, all or part of which may from time to time be submitted to and made subject to the terms of this Declaration.

Section 13. "End of Declarant Control" shall mean the date upon the sale of the last Lot by Declarant in the subdivision.

2. RETENTION OF DECLARANT RIGHTS:

Section 1. Declarant, for itself, its successors and assigns, reserves the right herein, but shall not be obligated, to submit additional property in one (1) or more separate phases to the provisions of the North Carolina Planned Community Act and to the provisions of this Declaration. The

property, or a portion thereof, which may be made subject to this Declaration is described on "Exhibit A" hereof as "Development Area". The additions, if any, to the Project shall be made on a portion of portions of said property to be selected by Declarant, it being understood that any or all of said property not utilized by Declarant for the purpose of lots for addition to the Project, as provided in this Declaration, may be, from time to time, otherwise developed by Declarant, its successors and assigns, or for such other development as Declarant may in its sole discretion determine, subject to applicable governmental regulation and control, if any.

The submission of one or more additional phases or sections as herein provided shall not obligate Declarant to submit further additional phases or sections to the provisions of this Declaration. PROVIDED, FURTHER, that Declarant may cause other development to occur on the property described on "Exhibit A" hereof, from time to time, whether or not it has developed, or plans to develop, any of the additional property.

At such time, and from time to time, as any additional Phase is subjected to this Declaration the Project Area will consist of the property described hereinabove, such property as may have been previously added thereto by amendment together with such additional property as may then be added by amendment to this Declaration.

Section 2. Declarant hereby reserves all Special Declarant Rights and Development Rights described or set out in N.C.G.S. Section 47F -1-103 (28) and Section 47F-3-103(d). Any or all of such Special Declarant Rights and Development Rights may be exercised as to any portion or all of the Property at any time until Declarant Rights have been terminated according to statute. The transfer of Special Declarant Rights and Development Rights shall be done pursuant to N.C.G.S. Section 47F 3-104.

Section 3. Sales Offices. Other provisions of this Declaration or the Bylaws notwithstanding, Declarant may maintain offices for the sale of Lots and models. Declarant shall have the right to (1) re-locate, discontinue and reestablish within the Project any such offices or models until all Lots have been conveyed to Owners other than a Declarant; and (2) change the use of such offices or models, provided that they shall be used only for sales purposes or models. Notwithstanding anything to the contrary herein, the Declarant's right to use Lots owned or leased by it as sales or models shall continue so long as Declarant owns at least one (1) lot.

Section 4. Declarant Rights Defined: "Special Declarant Rights" or "Declarant Rights" shall include but shall not be limited to, any right (a) to complete improvements indicated on plats and plans filed with the declaration; (b) to exercise any development right; (c) to maintain sales offices, management offices, signs advertising the planned community, and models; (d) to use easements through the common elements for the purpose of making improvements within the planned community or within real estate which may be added to the planned community; (e) to make the planned community part of a larger planned community or group of planned communities; (e) to make the planned community subject to a master association; or (f) to appoint or remove any officer

or executive board member of the association or any master association during any period of declarant control.

Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the county in which this Declaration is recorded. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the property set forth in Exhibit A in any manner whatsoever.

The Declarant shall have the rights (a) to use or grant the use of a portion of the Common Area for the purpose of aiding in the sale, or rental, or management of Lots; (b) to use portions of the Property for parking for prospective purchasers or lessees of Lots and such other parties as the Declarant determines; (c) to erect and display signs, billboards and placards and store and keep the same on the property; (d) to distribute audio and visual promotional material upon the Common Area; and (e) to use or permit to be used any Lot which it owns or leases as a sales and/or rental office, management office or laundry and maintenance facility. The Declarant shall have an easement for access to such facilities and activities shall include specifically the right to use residences owned by the Declarant, if any, and any which may be owned by the Association.

So long as Declarant continues to have rights under this paragraph, no person or entity shall record any declaration of restrictions and protective covenants or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of restrictions and protective covenants or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

3. SUPPLEMENTAL DECLARATIONS/EXPANSION OF PROPERTIES INTO DEVELOPMENT AREA: Declarant shall have the right, from time to time, to record Supplemental Declarations for portions ("Parcels") of the Properties which may designate specific use and other restrictions within said Parcel, may create Common Areas within such Parcel for the use only of Owners of Lots in said Parcel, and may create an internal owners association within said Parcel; provided, however, no Supplemental Declaration shall avoid membership in the Association by Owners of Lots in said Parcel, nor shall any Supplemental Declaration modify or amend the terms of this Declaration or of any prior Supplemental Declaration for another Parcel.

4. COMMON AREAS:

Section 1. Maintenance: The Association shall be responsible for the exclusive management and control of the Common Areas and all improvements located thereon, except as otherwise may be provided for in a Supplemental Declaration. Subject to any statutory requirement, the Association shall have the right to lease any portion of the Common Area to any management or operating entity for purposes consistent with the goals and ends of the owners and Association.

Section 2. Owner's Easement of Enjoyment:

(a) Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(1) the right of the Association to lease, dedicate or transfer all or any part of the Common Area to any management or operating entity, public agency, authority, or utility for such purposes subject to such conditions as may be agreed to by the Association.

(2) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 3. Restriction on Alienation: Notwithstanding anything contained herein to the contrary, the Association shall not alienate in any way or transfer all or any part of the Common Areas without the prior approval of all holders of outstanding first priority mortgages against any of the Properties that are subject to this Declaration; provided, however, this restriction shall not be applicable to grants of easements for utilities, storm sewer, sanitary sewer, road right of ways and other conveyances for dedication to the public.

5. ASSOCIATION AND MANAGEMENT: Management of the affairs of the Association shall be the right and responsibility of the Board of Directors of the Association provided, however, that subject to NCGS 47F-3-103(d), Declarant shall appoint and remove all members of the Board of Directors and officers, until the end of the period of Declarant control. Declarant Control shall end upon the sale of the last Lot by Declarant in the subdivision.

5.1 ASSOCIATION/ STREETS/ROADS:

Section 1. Declarant or declarant's successors in interest shall cause to be formed an Association as a not for profit corporation pursuant to Chapter 55A of the North Carolina General Statutes, prior to the conveyance of any property to the Association.

Section 2. The non-state maintained road(s) allowed under the any subdivision regulations and which are a part of this subdivision have been designed and will be built to the standards of said ordinance. It is the intention of the Declarant to dedicate the streets to the State of North Carolina Department of Transportation or a political subdivision of the State of North Carolina or a governmental entity or authority for ownership and maintenance.

The purpose of the association and any assessments imposed by the association shall be as set out elsewhere in this Declaration and specifically include the obligation to maintain in passable condition all roads and streets within the subdivision that may hereinafter be transferred to the Association, until and unless the streets are dedicated and accepted by the State of North Carolina Department of Transportation or a political subdivision of the State of North Carolina or a governmental entity or authority for ownership and maintenance. .

Until conveyance to the Homeowners Association or maintenance is assumed by the State of North Carolina or another entity, streets within the subdivision shall be maintained by the Declarant. In the event dedication is not allowed or accepted by the State of North Carolina or a political subdivision of the State of North Carolina or a governmental entity or authority for ownership and maintenance, then after conveyance to Homeowners Association, streets within the subdivision shall be maintained by the Association. The obligation of the Homeowners Association to maintain the streets and roads in the subdivision shall continue until such time as the North Carolina Department of Transportation or a political subdivision of the State of North Carolina or a governmental entity or authority for ownership and maintenance has accepted said roads into its system.

Section 3. Upon the acceptance of the subdivision streets by the North Carolina Department of Transportation, the Association, if formed, shall be dissolved, unless the Association has been conveyed other property or unless a majority of the members vote, at a Special Meeting of the Association, to not dissolve the Association.

Section 4. Notwithstanding anything to the contrary contained herein, the Declarant shall retain the right and authority, and the Association and all owners of lots subject to this Declaration hereby grant authority to the Declarant and its assigns, the right and power to act on their behalf for the purpose of and in furtherance of the dedication of streets in this subdivision. The Association and lot owners agree that those streets and rights of ways shown on the recorded plats referred to in this Declaration or any amendment hereto may, without further approval or the joinder of the said lot owners, be dedicated to the State of North Carolina Department of Transportation or any political subdivision of the State of North Carolina or any governmental entity or authority created by governmental action for the purpose of, but not limited, holding title to such property for the purpose of roads, streets or utilities.

The Association and the lot owners also agree that any dedication of the streets may be undertaken and may be effected by the Declarant and/ or its assigns. Such act of the Declarant and/or its assigns, shall have the effect to dedicate those streets and rights of ways shown on the recorded plats referred to in this Declaration or any amendment hereto may, without further approval or the joinder of the Association or said lot owners.

6. ARCHITECTURAL CONTROL COMMITTEE:

Section 1. Except for original and initial construction and subsequent modification of improvements by the Declarant on any Lot which such construction is and shall be exempt from the provisions of this provision, no building, wall, fence, landscaping, berm or hedge which act as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping as may be required by the Architectural Control Committee have been approved in writing by the Architectural Control Committee.

Each building, wall, fence or other structure or improvements of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved.

Any change in the appearance of any building, wall, fence or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval. The Architectural Control Committee shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this paragraph.

Section 2. The Architectural Control Committee shall make all efforts to cooperate with the owner or agent in effecting a prompt and reasonable response to any submission. Within 30 days after receipt of all required information, the Architectural Control Committee shall submit in writing to the owner of the lot a response stating whether or not the requested improvements are approved. Unless a response is given by the Architectural Control Committee within 30 days, the plan shall be deemed approved. The response of the Architectural Control Committee may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate and the 30 day time period for response shall only commence upon the receipt of the requested additional information. Conditional approvals may be granted and if approval with conditions is granted and thereafter construction begins, the construction shall be deemed approved by the owner of the lot of the conditions imposed.

Section 3. Refusal of approval of plans, specifications and plot plans or any of them may be based upon any ground, including purely aesthetic grounds, which in the sole and uncontrolled discretion of the Architectural Control Committee shall deem sufficient. The Architectural Control Committee shall make the following affirmative findings before any plans are approved:

(a) That the improvements sought to be constructed will not have a negative economic impact on any other lot within the subdivision.

(b) That all required specific buildings standards and other conditions contained within the Restrictive Covenants, By Laws and other subdivision documents have been met.

(c) That the improvements are architecturally compatible with proposed or constructed improvements on other lots within the subdivision.

(d) That the natural features of the lot have been retained to the maximum extent possible.

Section 4. The paint, coating, stain and other exterior finishing colors on all buildings may be maintained as that originally installed, without prior approval of the Architectural Control

Committee, but prior approval by the Architectural Control Committee shall be necessary before any such exterior finishing color is changed.

Section 5. Until such time as the sale of the last numbered lot in the subject property is evidenced by the recordation of a deed therefore, all rights, privilege, powers and authority granted herein to the initial Architectural Control Committee, to whom the specific power to act hereunder is expressly conveyed, shall be exercised by the Declarant, its successors or assigns. The Declarant may assign its powers hereunder to an Architectural Control Committee, but so long as Declarant Control shall exist, the Declarant shall appoint a majority of the Architectural Control Committee. Thereafter, all representatives shall be appointed by the Board of Directors of the Association. Except as set out above, the Architectural Control Committee shall be composed of three (3) owners appointed by the Board and shall serve at the pleasure of the Board.

In the event of the dissolution of Declarant or the failure of Declarant to specifically assign the rights, privileges, powers and authority hereunder prior to the sale of the last numbered lot to the homeowners association or an Architectural Control Committee, or in the event the association has not been formed, then any owner may provide notice to each owner by registered mail of a meeting to be held not less than 30 days thereafter, where the owners may elect, by a majority vote of those present and a quorum having been obtained, an Architectural Control Committee. The said committee shall be composed of three (3) owners and who shall serve until the next meeting. At any time after the initial meeting, the individual owners of record of three (3) lots may call a meeting to be held after 30 days notice by registered mail to all of the other said lot owners of record, and may elect a new Architectural Control Committee, fill any vacancies on the Architectural Control Committee, or remove the members of the existing Architectural Control Committee. A quorum for any meeting of individual lot owners shall be the owners of at least ten percent (10%) of the lots in the subdivision known as the subject property.

Section 6. A majority of the Architectural Control Committee may take any action said Committee is empowered to take, may designate a representative to act for the Architectural Control Committee, and may, upon the approval of the Board of Directors, employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Control Committee, the remaining members shall have full authority to designate a successor. The members of the Architectural Control Committee shall not be entitled to any compensation for services performed pursuant to this covenant. The Architectural Control Committee may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order to compensate any consulting architects, landscape architects, urban designers or attorneys.

Section 7. Any Owner may appeal the decision of the Architectural Control Committee provided that all parties involved comply with the decision of the Architectural Control Committee until such time, if any, as the Board of Directors amends, or reverses the Architectural Control Committee's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within thirty (30) days of the decision of the Architectural

Control Committee. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Control Committee within thirty (30) days of receipt of the petition. The Board of Directors' decision shall be by majority vote. Any owner must exhaust this avenue of appeal prior to resorting to a court of law or equity for relief.

Section 8. Submissions for approval may be made to the Architectural Control Committee c/o the Association to any of the following:

(a) the address to which an owner is directed to send assessments or dues as appears on the most recent billing statement,

(b) the address of the Association Registered Agent as it is listed in the Office of the Secretary of State, or

(c) at such address as may be provided in writing (on the letterhead of the Association and signed by the managing agent or officer of the Association) to the applicant upon request for instructions regarding submission.

The Association shall have the right to assess any owner for such damage and such charge shall be an assessment against the owner and the Lot and shall be subject to collection as any other regular assessment.

Section 9. Any requirement for mail service or notice shall be complied with by mailing said notice to the address shown on the county tax records for the respective lot owner.

7. ASSESSMENTS:

Section 1. Purpose of Assessments: The assessments levied by the Association shall be limited and used exclusively for the improvements and maintenance, current and capital, of the Common Area, and specifically any stormwater control structures and other stormwater and associated appurtenances and vegetation, and any roads which are or maybe become property of the Association.

Section 2. Creation of the Lien and Personal Obligations of Assessment: All expenses of the association shall be, and for purposes of assessments, the common expense liability shall be assessed against the lots are to be allocated equally among all lots. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed, therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments;
- (b) special assessments;
- (c) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area if the Association shall default in the payment therefor for a period of six (6) months, all as hereinafter provided.

The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorneys' fees (as provided in North Carolina General Statutes §6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner at the time when the assessment became due.

Section 2.1 Registration Fee: In addition to any other fee, charge, assessment or payment which may be due to the Association, the Association shall charge a fee to offset the administrative costs of initial owner documentation and a transfer of ownership information. The Board may modify the fee to offset actual or anticipated costs associated with the transfer or documentation.

Section 3. Determination of Amount of Assessment:

(a) The initial minimum annual assessment shall be \$100.00 per year per lot for the 2012 and 2013 calendar years. The subsequent year assessments will be based upon a budget determined in part by the operating costs and reserve requirements of anticipated amenities which will become part of the common area of the subdivision and as such the initial minimum assessment does not represent subsequent year assessments to which each lot shall be subject. Assessments shall commence as to each lot beginning on the date of closing from the Declarant to an owner other than the Declarant. So long as Declarant Control exists, the Declarant shall pay no assessments but shall be responsible for any deficit in the operating budget.

Notwithstanding anything to the contrary contained in these Restrictions or amendments thereto, a purchaser who or which shall purchase a lot for the purpose of the construction of a residence for sale in the ordinary course of said purchaser's business shall pay no assessment until the subsequent resale to a purchaser for the use as a residence.

(b) Except as otherwise required by statute, within thirty (30) days after adoption of any proposed budget for the planned community, the executive board shall provide to all the lot owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The executive board shall set a date for a meeting of the lot owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the lot owners in the association or any larger vote specified in the declaration rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the lot owners shall be continued until such time as the lot owners ratify a subsequent budget proposed by the executive board.

(c) The due dates shall be established by the Board of Directors of the Association and the Board of Directors shall have the authority to require the assessment to be paid in pro-rata monthly installments, quarterly and semi-annually as well as annually. The Association shall, upon

demand, and for a reasonable charge furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified lot have been paid.

Section 4. Collection of Assessments: The first pro rata payment of the balance of the current year assessment shall be due and payable beginning on the day of closing. In addition thereto, at closing, the Declarant shall cause to be collected from the purchaser, the initial "set up" or documentation fee, and an amount equal to two-twelfths of the then current minimum annual assessment for said lot. This shall be used for the sole purpose and use as a working capital fund.

Section 5. Assessment Change: Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may provide to be insufficient to pay the costs of operation and management of the Association, or in the event of emergencies, the Board of Directors shall have the authority to modify existing assessments and levy such additional assessments as it may deem necessary.

Section 6. Remedies for Non-Payment of Assessments: Any assessment which are not paid when due shall be delinquent. The assessment shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fees as may be set by the Board. The Association shall file a lien of record against any lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Said lien shall be filed in the Office of the Clerk of Superior Court of Onslow County in a manner provided therefor by the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area or abandonment of his dwelling unit or site.

The Association may bring an action at law against the Owner personally obligated to pay any assessments and interest. Costs and reasonable attorneys' fees for the prosecution of any such action shall be added to the amount of such assessment. In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of the Association, then, and in that event, the Association shall collect on such judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale pursuant to the North Carolina General Statutes. All fees, charges, late charges, fines, and interest are enforceable as assessments.

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The Registered Agent of the Association shall be the Trustee for all purposes of the foreclosure proceeding and the Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the said substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the land subject to the lien at public action for cash, after having first given such notice and advertising the time and place of such sale

in such manner as may then be provided by law for mortgages and deeds of trust, and upon such and resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Law. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the Sale shall, after the Trustee retains his commission, together with any addition attorney's fees incurred by the Trustee, be applied to the costs of the sale, including but no limited to costs of collection, taxes assessment, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the property, and any advancements made by the Association in the protection of the security.

Section 7. Effect of Default in Payment of Ad Valorem Taxes of Assessments for Public Improvement by Association: Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien subject to the lien of the governmental authority levying said ad valorem taxes on the Lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the owner.

Section 8. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the assessment line. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become 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.

8. GENERAL RESTRICTIONS: [Applicable to all properties except as set out in an Amendment to Master Declaration which may add property to the Project Area, or as otherwise amended hereafter.]

Section 1. Residential Use: All lots shall be used exclusively for residential purposes of a single family (which may include separate living quarters for one or more members of the owners' family or relative). No business, trade, garage sale, moving sale, rummage sale, or similar activity shall be conducted upon a lot without the prior written consent of the Board. An Owner or occupant residing in a dwelling on a lot may conduct business activities within the dwelling so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling; (ii) the business activity conforms to all zoning requirements for the lot; (iii) the business activity does not involve regular visitation of the dwelling or lot by clients,

customers, suppliers, or other business invitees or door-to-door solicitation of residents of the subdivision; and (iv) the business activity is consistent with the residential character of the subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the subdivision, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

The leasing of a dwelling or lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any lots which it owns within the subdivision, including the operations of a timeshare or similar program.

Section 2. Allowable/Prohibited Structure: No structure shall be erected, altered, placed or permitted to remain on any Lot other than a single, one family dwelling not to exceed three stories in height, (which may include separate living quarters for one or more members of the owners' family or relative), a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. Each dwelling shall contain a minimum of 1100 heated square feet. This covenant shall not be construed as prohibiting the use of a new dwelling as a model home for sales/rental purposes.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporary or permanently. No trailer, mobile home, camper or like vehicle shall be allowed on the property at any time, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly and which is designed to be disassembled and relocated shall be allowed. It is specifically the intention and purpose of this covenant to prohibit the location of any manufactured home as defined in NCGS §143-145 and any structure for which a "Label of Compliance" as defined in NCGS §143-145 is issued, including but not limited to those structures which are generally referred to as mobile homes, trailers, relocatable houses, or similar type structures on the property.

"Modular construction" of walls, floor systems, roof trusses and other portions of the structure shall be permitted providing that it is a full floor joist system not supported by chassis or steel frame. Fabrication shall not be limited to the building lot.

This covenant shall not be construed as prohibiting the use of such a structure as a sales/rental model or office or construction site facility.

Section 3. Building Location: No building, residence, garage or other permitted accessory building shall be located on any lot nearer to the front line, any side street line, interior or rear lot line, than as shown on the recorded plat. For the purpose of this covenant, eaves, steps, open porches, and carports shall not be considered as a 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 ten percent (10%) 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.

Section 4. Nuisances: No noxious, offensive, or illegal activity shall be carried on or conducted upon any Lot nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to the neighborhood. All Lots, whether occupied or unoccupied, shall be well maintained and no unattractive growth or accumulation of rubbish or debris shall be permitted to remain on a Lot. No automobile, other vehicle(s), motorcycle(s) or other similar items shall be repaired or placed "on blocks" or stands except in an enclosed garage. Declarant, its successors or assigns, reserves the right to enter upon and cut grass, weeds, or undergrowth on any lot or easement, but shall be under no obligation to do so. The Declarant may contract for, and assess to owner, any maintenance necessary to enforce his covenant.

Section 5. Animals: No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that household pets may be kept provided that said pet shall not be kept for breeding or commercial purposes. Any such household pet shall not be allowed off the Lot of the Owner of said pet unless said pet is attended and on a leash. Any pet which is not kept inside a home shall be provided a fenced in area or cage in the rear yard of a lot. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot. The following dog breeds shall be specifically prohibited: Rottweiler, Doberman, Mastiff, Boxer, Bulldog, Pit Bulls, Chows and wolf hybrids.

Section 6. 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 burned or disposed of on any Lot and shall be kept in sanitary containers approved by the Architectural Control Committee. All equipment for the storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the Architectural Control Committee and, in any event, shall be kept in an enclosed area not subject to view from any person, from any direction. The Declarant reserves the right for itself, its successors and assigns, to contract for garbage collection services for each lot in the subdivision and the lot owner shall be responsible for the payment of such garbage services to the company providing the same.

Section 7. Exterior Lights: All light bulbs or other lights installed in any fixture located on the exterior of any dwelling, building or other structure located on any Lot shall be clear or white

lights or bulbs. No mercury vapor or similar wide area lighting similar to street lights shall be allowed without prior Architectural Control Committee approval.

Section 8. Sight Distance at Intersections: No fence, 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 twenty-five (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 on any lot within ten (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 distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9. Mailboxes: All mailboxes shall retain the same style, design, color and location of the mailbox as originally provided at construction of any residence. The Architectural Control Committee reserves the right to approve the style, design, color and location prior to any original installation or replacement. Application shall be made to the Architectural Control Committee prior to installation or replacement. By accepting a deed to any subject property, owner gives the Architectural Control Committee the right to remove any nonapproved mailbox in a reasonable manner; all costs for same shall be paid by owner, and all damages against the Architectural Control Committee are waived.

Section 10. Signs: No sign, billboard, or other advertising of any kind, including without limitation professionally prepared "for sale" and "for rent" signs, shall be placed or erected on any Lot, right of way or Common Area save and except a professionally prepared "for sale" or "for rent" sign not to exceed six (6) square feet in size. Although approval by the Architectural Control Committee is not required prior to the display of such signs, the Architectural Control Committee may itself remove, have removed, or require the removal of any such sign which in its opinion would not otherwise be allowed under paragraph 6 of this Declaration. A valid easement shall exist on any Lot for such removal by the Architectural Control Committee or its agents. Provided, however, nothing shall prohibit or limit in any manner "construction" signs designating the job site and builder which may be placed upon a Lot during the period of the construction of a residential dwelling on the Lot but must be immediately removed upon final completion of such construction. Notwithstanding the above, any additions to the Project Property in the Development area may be further limited in regard to signs, billboards or advertising as set out in any Supplemental Declaration. Nothing herein shall prohibit any sign erected by the Declarant or its assigns.

Section 11. Antennas: There shall be no exterior antenna of any kind for receiving and/or sending of T.V., radio or other signals unless same have first been approved by the Architectural Control Committee. In any event, it shall not be viewable from any other lot.

Section 12. Driveways/Parking: All driveways constructed on any Lot shall be paved with either asphalt or concrete. An Owner shall provide a minimum of one (1) paved off-street parking

space(s), excluding garage space(s) and shall provide at least one per automobile or other vehicle owned and regularly used at the Lot. On street parking is prohibited except for temporary, short gatherings.

Section 13. Resubdivision: No resubdivision of any single Lot shall be allowed, except that nothing contained herein shall prohibit the owner of a Lot from conveying by deed or easement a portion of a Lot to an adjoining Lot owner for the purpose of curing an encroachment or setback violation. Further, provided, however, that the Declarant, its successors or assigns, reserves the right to make minor boundary line adjustments between lots so long as said adjustment does not exceed ten percent (10%) of the total area of a given lot.

Nothing contained herein shall prohibit conveyance of more than one Lot, or portions of contiguous Lots, as long as the resulting Lot or Lots are greater in size than those originally subdivided. Upon the recombination of any Lots to reduce the total number of allowable building Lots, for purposes of membership in the Association and for purposes of the payment of dues and assessments, any recombined Lots shall be considered a single Lot upon recordation of a plat so showing in the office of the Register of Deeds, but the combining of lots shall not reduce the number of lots for the purpose of assessments and the assessments shall be pro rated based upon the area of the recombined lots.

Any recombined or resubdivided lot shall be restricted to the construction thereon of one Living Unit per redivided Lot. It is the intention that the recombining of lots will decrease the number of homes within the property subject to this declaration, but that in no event shall the maximum number of homes which can be constructed within the property subject to this declaration increase.

Furthermore, should any Lot be determined by Declarant to be unbuildable, and should such Lot then be deeded to the Association as Association Property, or dedicated by Declaration as recreation or open space area for the benefit of the Association, all by document duly recorded in the office of the Register of Deeds of Carteret County, there shall be no further dues or assessments owed from the date of such recordation; however, any dues prepaid shall not be reimbursed.

Section 14. Vehicles, Boats, Storage, Travel Trailers, etc: No vehicle without current inspection sticker, vehicle over 7100 pounds empty weight, camper trailer, motor homes or bus shall be parked overnight on any lot except in an enclosed garage; provided, however, guests of an owner may so park such vehicle for a period not to exceed seven (7) days each calendar year. A pleasure boat on its trailer may be parked and raw firewood, bicycles, motorcycles, or other items may be stored only on that part of any lot away from the street lying beyond the front line of the house so that it is not viewable from any street. No automobile, other vehicle(s), motorcycle(s) or other similar items shall be repaired or placed "on blocks" or stands except in an enclosed garage.

Section 15. Window Appearance: All draperies or other window dressings viewable from the exterior of a dwelling unit shall be white or off white or in lieu thereof shall have a white lining.

Section 16. Trees: Except as to development or construction by Declarant, or as may be approved by the Architectural Control Committee, no tree four inches (4") in diameter at any location on said tree or ten feet (10') in height shall be cut, removed or intentionally damaged on any Lot unless first approved by Architectural Control Committee.

Section 17. Swimming Pools: Outdoor swimming pools, hot tubs, jacuzzis, and other similar facilities may be located on a lot only after the Architectural Control Committee approval, and shall be screened and fenced. All such improvements shall be subject to approval and compliance with all governmental laws and regulations.

Section 18. Clotheslines: Clotheslines shall be not more than six (6) feet in height from the ground and shall not be viewable from the street, or shall be surrounded by a privacy fence approved by the Architectural Control Committee.

Section 19. Fence Minimum Requirements: No fences over six (6) feet in height shall be constructed on any lot. No fence shall be erected between the rear of any building and the street right of way. Any portion of any fence which can be viewed from the street right of way shall be of an ornamental nature. The term fence shall include but not be limited to, a wall, fence, landscaping, berm, or hedge which act as a fence or privacy or security inducing structure. Architectural review requirements must be met prior to construction of any fence.

Section 20. Street Lighting Agreement: The developer reserves the right to subject the real property in this subdivision to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting, either or both which may require an initial payment and/or a continuing monthly payment to an electric utility company by the owner of each dwelling.

8.1 MINERAL RESERVATIONS: Rights in and to rents and royalties related to the removal of mineral have been reserved by a prior owner of the real property subject to these restrictions as set out in Book 676, Page 26 and Book 638, Page 95, Onslow County Registry. As such, the rights of the owner of property to remove minerals on property subject to these restrictions may be limited.

8.2 WETLANDS AND CONSERVATION SPECIAL PROVISIONS: It shall be the responsibility of each owner, prior to alteration of any lot, to determine if any Lot shall have been determined to meet the requirements for designation as a regulatory wetland. Any subsequent fill or alteration of this wetland shall conform to the requirements of state wetland rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this deed restriction is to prevent additional wetland fill, so the property Owner should not assume that a future application for fill will be approved. The property Owner shall report the name of the subdivision, in any application pertaining to wetland rules. This covenant is intended to insure the continued compliance with wetland rules adopted by the State of North Carolina therefore benefits may be enforced by the state of North Carolina. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

8.3 STORMWATER OPERATION AND MAINTENANCE, EASEMENT AND ACCESS AGREEMENT FOR STRUCTURAL MANAGEMENT OF BMPS AND ESCROW CONTRIBUTION CONTRACT:

Section 1. Definitions. As used within this Maintenance Covenant Section, the following words and terms have the following definitions.

(a) "Maintain", "Maintenance", "Maintaining" or any similar term used herein is defined to include one or more of the following, as the context requires: acquisition, purchase, construction, reconstruction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alternation, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

(b) "Maintenance Covenant" is defined as this Section.

(c) "Structural BMPs" is defined collectively as the stormwater control structures and other stormwater structural Best Management Practices (BMPs) and associated appurtenances and vegetation as stipulated on the approved final plat for said Property.

Section 2. Location and Identification of Structural BMPs. A description of the portions of the Property where all the Structural BMPs are located, as well as a description of the Property in the Contract executed between the Association and the City of Jacksonville entitled "City of Jacksonville's Storm water Operation, Maintenance, Easement and Access Agreement for Structural Stormwater Management of BMPs and Escrow Contribution Contract" which has been registered at the Onslow County Register of Deeds to run with said Property.

Section 3. Maintenance of Structural BMPs. Structural BMPs shall be maintained by the Association in strict compliance with the Stormwater Ordinance and Agreement. At all times, the Structural BMPs shall comply with all applicable laws, ordinances, regulations, and rules. Membership in the Association is mandatory for each Owner of a Lot with membership being appurtenant to the Lot and running with ownership of the Lot. The Association or its Board of Directors shall levy assessments for the costs and expenses of maintaining the Structural BMPs in further compliance with the City of Jacksonville Stormwater Ordinance and Agreement. Upon compliance with the provisions of Chapter 47F of the North Carolina General Statutes (or any applicable successor provision), all assessments levied against a Lot that remain unpaid for a period of thirty (30) days or longer shall constitute a lien on that Lot.

Section 4. Association Costs and Expenses for Maintenance of Structural BMPs. The costs and expenses of maintaining the Structural BMPs shall be a common expense of the Association and shall include, without limitation, all contribution payment obligations owed to the City of Jacksonville under a Stormwater Agreement covering the Property.

Establishment of an Escrow Account. The initial construction cost for the Structural BMP will be used to establish the level to which the escrow account will be funded. The sinking fund budget is established in the Stormwater Maintenance Agreement. Any funds drawn down from the escrow account shall be replaced in accordance with the schedule of contributions specified by the City of Jacksonville prior to the withdrawal of said funds.

Section 5. Penalties Associated with Failure to Maintain Structural BMPs. Operation and Maintenance of the Structural BMPs must comply with all relevant provisions of the Ordinance, as may be amended from time to time, and the Operation and Maintenance Agreement. Failure to maintain the Structural BMPs is a violation of the Ordinance and may subject each Lot Owner to significant daily civil penalties and other enforcement actions by the City of Jacksonville.

Section 6. Grant of Easement. Association hereby dedicates, bargains, sells, grants, and conveys unto the City of Jacksonville, its successors and assigns, a perpetual, non-exclusive and irrevocable right and easement over, under, through, and across the Stormwater Areas and access through the Property to and from the Stormwater Areas for the purpose of permitting City inspection and, if deemed necessary, as determined by the City, maintenance, replacement, reconstruction, and repair of the Structural BMPs.

Section 7. Joint and Several Liability. Each Owner shall be jointly and severally responsible for maintenance and operation of the Structural BMPs, including payment of any unpaid expenses related to the maintenance of the Structural BMPs and including all interest charges thereon, together with the costs and expenses of collection incurred, including court costs and reasonable attorneys' fees actually incurred.

Section 8. Action for Specific Performance. Recognizing the consequences to the City of Jacksonville of non-compliance with the obligations of this Maintenance Covenant, Association hereby grants the City of Jacksonville the right to seek, in any court of appropriate jurisdiction, judicial action for specific performance of any of the obligations established within this Maintenance Covenant. This right of the City shall not limit any other remedies or enforcement options available to the City under the Ordinance, any other applicable law, or the Stormwater Agreement.

Section 9. Severability. Invalidation of any one or more of the conditions set forth herein shall not adversely affect the balance of said conditions, which shall remain in full force and effect.

9. **STREET LIGHTING AGREEMENT:** The Declarant and Association reserves the right to subject the real property to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting, either or both which may require an initial payment and/or a continuing monthly payment to an electric utility company or Association by the owner of Lot.

10. **RESTRICTION ON FURTHER SUBDIVISION:** No resubdivision of any single Lot shall be allowed, except that nothing contained herein shall prohibit the owner of a Lot from

conveying by deed or easement a portion of a Lot to an adjoining Lot owner for the purpose of curing an encroachment or setback violation. Further, provided, however, that the Declarant, its successors or assigns, reserves the right to make minor boundary line adjustments between lots so long as said adjustment does not exceed ten percent (10%) of the total area of a given lot.

Nothing contained herein shall prohibit conveyance of more than one Lot, or portions of contiguous Lots, as long as the resulting Lot or Lots are greater in size than those originally subdivided. Upon the recombination of any Lots to reduce the total number of allowable building Lots, for purposes of membership in the Association and for purposes of the payment of dues and assessments, the combining of lots shall not reduce the number of lots for the purpose of assessments and the assessments shall be pro rated based upon the area of the recombined lots.

Any recombined or resubdivided lot shall be restricted to the construction thereon of one Living Unit per redivided Lot. It is the intention that the recombining of lots will decrease the number of homes within the property subject to this declaration, but that in no event shall the maximum number of homes which can be constructed within the property subject to this declaration increase.

Furthermore, should any Lot be determined by Declarant to be unbuildable, and should such Lot then be deeded to the Association as Association Property, or dedicated by Declaration as recreation or open space area for the benefit of the Association, all by document duly recorded in the office of the Register of Deeds of Onslow County, there shall be no further dues or assessments owed from the date of such recordation; however, any dues prepaid shall not be reimbursed.

11. EASEMENTS:

Section 1. Easements: There is hereby reserved by the Declarant, its successors and assigns, and for the benefit of the Association, the easements, for utility, sight and buffer areas as well as any other easements, as shown on the recorded plats of the Parcels or included within the Supplemental Declarations pertaining to the Parcels. Said easements may be used for the purposes shown on the plat and, in addition thereto, ingress, egress and regress and for the purpose of installing, maintaining, repairing and replacing all utility service lines and systems including, but in no way limited to, those for water, sewer, gas, telephone, electricity and cable television.

In addition to the above, there is hereby reserved for the benefit of each owner and the Association, an easement over each parcel or lot of each other owner a blanket easement and right of way on, over and under the ground within a parcel or lot for the purpose of installing, construction and the exercise of Declarant Rights, and maintaining, repairing and replacing all utility service lines and systems including, but in no way limited to, those for water, sewer, gas, telephone, electricity, cable television and garbage or refuse collection and pick up.

In addition to the above, there is hereby reserved for the benefit of the Association, an easement over each parcel or lot which may be enclosed by a fence a blanket easement and right of way on and over the ground within a parcel or lot for the purpose of ingress, egress and regress for

the purpose of maintenance on any lot and for the purpose of maintaining the grounds and landscaping which may be enclosed by a fence.

Section 2. Easement to Correct Drainage: For a period of two (2) years from the date of conveyance of the first Lot in a Parcel, the Declarant reserves a blanket easement and right of way on, over and under the ground within a Parcel to maintain and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary. Following such action the Declarant shall restore the affected property to its original condition as near as practical. The Declarant shall give reasonable notice of its intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. At the expiration of such two (2) year period, said easement to correct drainage shall automatically be held by the Association.

Section 3. Encroachments: In the event any portion of a Common Area encroaches upon any Living Unit or any Living Unit encroaches on a Common Area as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for the encroachment and for the maintenance of same shall exist so long as the encroachment exists.

Section 4. Association Maintenance: The Board of Directors of the Association and the Architectural Control Committee, acting through the Association, its officers, agents, servants and/or employees shall have the right of unobstructed access at all reasonable times to all properties as may be reasonably be necessary for maintenance.

Section 5. Common Areas: Easements are also reserved over those portions of the Common Areas, if any, that may be necessary or required to accommodate overhanging eaves or other cantilevered construction which may encroach upon the common area or the air and light space above such common area.

Section 6. Grant to Others: The Declarant or Association may grant permits, licenses, and easements over any common area or utility easement reserved elsewhere for utilities, roads or other purposes reasonably necessary or useful for the Project maintenance or operation of the Project.

12. **VARIANCES**: The Association may allow reasonable variances and adjustments of the restrictions set forth in this Declaration and as set forth on any recorded plat in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that any such variance granted must be done in conformity with the intent and purposes of the general development scheme and provided also that in every instance such variance or adjustment shall not materially be detrimental or injurious to other property or improvements within the Properties.

13. COMPLIANCE, ENFORCEMENT AND REMEDIES:

Section 1. Compliance and Enforcement:

(a) **Default and Remedies.** A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Declaration, the Association Bylaws, the Association Articles of Incorporation, or the rules and regulations, as the same may be amended from time to time, by any Owner or Occupant, shall be grounds for relief that may include, without intending to limit the same or to constitute an election of remedies, an action to recover fines and penalties as set in the Bylaws, sums due for damages, an injunction, or any combination thereof, which relief may be sought by the Association, an aggrieved Owner, or by any person or class of persons adversely affected. Also, if any Owner fails to perform any obligation under the Declaration, the Bylaws, the Articles of Incorporation or such rules and regulations, then the Association may, but is not obligated to, perform the same for the Owner's account, and for such purpose may enter upon his lot or dwelling, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for such expenses and costs may collect all such sums against the lot owned by such defaulting Owner.

(b) **Suspension of Rights.** The Association also shall be entitled to suspend the right of a defaulting Lot Owner to vote as a member of the Association until the default is cured and may suspend the voting rights of and right to use of the recreational facilities of a Owner during any period in which such Owner shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice of hearing as set forth in the By Laws, for infraction of published rules and regulations; but provided, however, that the right of an owner to ingress to and egress from his Lot shall not be impaired;

(c) **Remedy of Abatement in Additional to Other Remedies.** In the event a Owner fails to effect the cure specified by the Board where the default is a structure, thing, or condition existing in or on the premises of the Owner's Lot, the Board, or its duly authorized representative, shall have the right to enter upon the premises of the Owner's Lot in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting Owner's expense (and collect the costs as if an assessment), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

(d) **Injunction.** The Association, an aggrieved Owner, or by any person or class of persons adversely affected, is entitled to seek relief for any such default or failure and may obtain a temporary restraining order, injunction or similar relief, without first using the procedure established herein, if such default or failure creates an emergency or a situation dangerous to persons or property.

(e) **Fine.** Any owner who shall violate the Declaration, By-laws, the articles or the Rules and Regulations may be fined in an amount as set out in the By Laws for each day of such violation. Such fine shall be enforced and collected as an assessment. Prior to the implementation

of any fine, or the suspension of voting rights for the infraction of published rules and regulations, a hearing pursuant to the procedure set out in the By Laws.

(f) **Recovery of Attorneys' Fees and Costs.** In any proceeding arising because of an alleged default by a Owner, the person, class of persons or Association bringing an action against an alleged defaulting Owner shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees and costs as may be allowed by the Court, with interest thereon at the highest rate allowed by law.

(g) **Non Waiver.** The failure of the Association or of any Owner thereof to enforce any terms, provision, right, covenants or condition that may be granted by the Declaration, these Bylaws, the Articles, the rules and regulations, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a Owner or other person to enforce such term, provision, right, covenants, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

(h) **Recovery of Fines and Expenditures.** Any fine, costs or expenses hereunder shall be recovered by the Association as if an assessment lien.

Section 2. Remedies Extended to the State of North Carolina: To ensure that this subdivision is maintained consistent with the laws of the State of North Carolina, and its political subdivision, the State of North Carolina and any political subdivision thereof, are specifically empowered to take such acts necessary by and through its officers to enforce any of these covenants against an owner or the Association. The State of North Carolina and any political subdivision thereof, are specifically made a beneficiary of these covenants.

Section 3. Remedies Extended to Other Regulatory Agencies: These restrictive covenants include provisions that are intended to ensure continued compliance with any conditions of a Clean Water Act authorization issued by the United States of America, U.S. Army Corps of Engineers, and therefore may be enforced by the United States of America. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it.

14. RIGHTS OF MORTGAGEES: A holder or insurer of a mortgage, upon written request to the Association (such request to state the name and address of such holder or insurer and the description of secured properties) will be entitled to timely written notice of:

Section 1. Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

Section 2. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot upon which it holds a mortgage.

Section 3. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

Section 4. Any proposed amendment to the project instruments effecting a change in the boundaries of any Lot, ownership of Common Elements, if any, the number of votes in the Association pertaining to any Lot or any proposed change in the restrictions on the properties.

15. RESERVED.

16. AMENDMENT:

Section 1. Declarant may amend this Declaration in accordance with this Declaration to add additional property to this Declaration.

Section 2. These restrictions are subject to being altered, modified, canceled or changed at anytime as to said subdivision as a whole or as to any subdivided lot or part there by written document executed by Declarant or their successors in title and by the owner of not less than fifty-one percent (51%) 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 the County in which this Declaration is recorded.

Section 3. The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made by, guaranteed by, sponsored by or insured by a governmental or quasi-governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of the Property, including, without limitation, ecological controls, construction standards, aesthetics and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration (VA), U. S. Department of Housing and Urban Development (HUD), the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association, requiring an amendment as a condition of approval, or suggesting an amendment, shall be sufficient evidence of the approval of such amendment of VA, HUD and/or such corporation or agency and permit Declarant to amend to accord with such letter. No amendment made pursuant to this Section shall be effective until duly recorded in the Office of the Court for Onslow County, North Carolina.

Section 4. Modification of Stormwater Provisions: Any of the provisions relating to Stormwater or other Environmental Restrictions may be modified or terminated to comply with stormwater rules now or hereafter adopted by the State of North Carolina by an instrument in writing executed by Declarant, its successors and assigns, without joinder of any other party or owner.

Section 5. Amendments Proposed by Association. An amendment or amendments to this Declaration may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the Lots, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Association for a date not later than sixty (60) days from receipt by him of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than fourteen (14) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the Meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments proposed must be approved by an affirmative vote of at least sixty-seven percent (67%) of the votes in the Association which are allocated to Lot owners in the Subdivision in order for such amendment or amendments of this Declaration to be adopted. Any such amendment or amendments as adopted shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Register of Deeds Office of Onslow County, North Carolina, such amendment or amendments to specifically refer to the recording data identifying this Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to the Owners of all Lots, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

Section 6. Amendments by Declarant. A Declarant may amend the Declaration as set forth herein and in the Act without the consent of any other Person or the Association to exercise Development Rights.

Section 7. Amendments Requiring Declarant Consent. During the Declarant Control, this Declaration may not be amended without the prior written consent of the Declarant. Except to the extent expressly permitted by the Act or other provisions of this Declaration (in compliance with the Act), no amendment may create or increase special Declarant Rights, create or increase Development Rights, increase the number of Lots, change the boundaries of any Lot, or change the uses to which any lot is restricted in the absence of unanimous consent of the Lot owners.

17. **GENERAL PROVISIONS:**

Section 1. Duration: The covenants and restrictions set forth herein shall run with and bind the Properties for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall automatically be extended for successive ten (10) year periods unless otherwise terminated by a vote of eighty percent (80%) of the then record Owners of all Lots within the Properties.

Section 2. Severability: Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Captions: The captions used in this Declaration are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text of this Declaration.

Section 4. Construction: Whenever the context so requires, the use herein of any gender shall be deemed to include the plural and the plural shall include the singular.

Section 5. Litigation: No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the membership and a majority of the Board of Directors. This Section shall not apply, however to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the Declarant or is approved by the percentage votes and pursuant to the same procedures necessary to institute proceedings as provided above.

IN WITNESS WHEREOF, as the above date, Grantor (whether person, corporation, limited liability company, general partnership, limited partnership, or other entity) has signed this instrument in the ordinary course of business, by the signature(s) below if its duly authorized representative(s), as the act of such entity.

HUNTER DEVELOPMENT CORPORATION

BY:  (SEAL)
MICHAEL G. TUTON, Vice President

North Carolina
Onslow County

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated above: MICHAEL G. TUTON

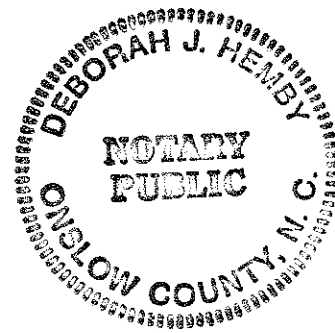
Date: 7-27-12

Deborah J. Hemby
(Official Signature of Notary)

Deborah J. Hemby, Notary Public
(Notary's printed or typed name)

(Official Seal)

My commission expires: 9-19-2015



R:\RESCOV\SFMULTIPH CSA PREFERRED 042711
K:\HDC\HIDDEN OAKS\RCS\SF MULTIPH CSA LOTWO RCS 071812 FINAL
RM17395 rev072712

EXHIBIT A (DEVELOPMENT AREA)

Tract 1: BEING all of that real property on that plat entitled "FINAL PLAT HIDDEN OAKS SECTION I-A AT HUNTER'S CREEK" as recorded in Map Book 64, Page 179, of the Onslow County Public Registry.

Tract 2: BEING all of that 33.92 acre tract described as follows and being the proposed Section 2 (or subsequent sections) of Hidden Oaks Subdivision:

A certain tract of land in the Hunters Creek Development on the North side of Hunters Trail and being more particularly described as follows:

Beginning at an iron stake found at the Northern Right-of-Way Line of Ashley Meadow Lane, 50 foot Right-of-Way, said iron being the Southeast corner of Lot 24 as shown on a map entitled "Final Plat, Section IV, Baywood of Hunter's Creek" as recorded in Map Book 35, Page 111; **THENCE** from said point of beginning and leaving said Right-of-Way Line and with the Eastern Line of Lot 24 and 23, North 04 degrees 16 minutes 56 seconds East, 180.0 feet to a point, said point being the Southwest corner of the Open Space tract as shown on a map entitled "Final Plat, Hidden Oaks, Section I-A at Hunter's Creek", as recorded in Map Book 64, Page 179; thence leaving said Line and with the Southern Lines of Section I-A, South 74 degrees 49 minutes 48 seconds East, 169.45 feet to a point; thence South 05 degrees 37 minutes 49 seconds West, 151.93 feet to a point; thence South 84 degrees 22 minutes 11 seconds East, 30.0 feet to a point; thence North 05 degrees 37 minutes 49 seconds East, 146.89 feet to a point; thence South 74 degrees 49 minutes 48 seconds East, 162.24 feet to a point; thence South 79 degrees 47 minutes 56 seconds East, 102.99 feet to a point; thence North 38 degrees 49 minutes 29 seconds East, 56.73 feet to a point; thence North 25 degrees 37 minutes 56 seconds East, 168.38 feet to a point; thence South 73 degrees 37 minutes 03 seconds East, 144.33 feet to a point; thence South 83 degrees 32 minutes 16 seconds East, 47.79 feet to a point on the Southern Right-of-Way Line of Hidden Oaks Drive; thence with said Right-of-Way Line and along the arc of a curve having a radius of 20.0 feet and curving to the right, 28.31 feet (chord South 04 degrees 30 minutes 47 seconds West, 26.01 feet) to a point; thence crossing future Water-Stone Lane South 44 degrees 56 minutes 08 seconds East, 50.0 feet to a point; thence North 45 degrees 03 minutes 52 seconds East, 2.66 feet to a point;

EXHIBIT A (DEVELOPMENT AREA) Page 2

thence along the arc of a curve having a radius of 20.0 feet and curving to the right, 27.13 feet (chord North 83 degrees 55 minutes 29 seconds East, 25.10 feet) to a point; thence along the arc of a curve having a radius of 225.0 feet and curving to the left, 33.57 feet (chord South 61 degrees 29 minutes 21 seconds East, 33.54 feet) to a point; thence South 65 degrees 45 minutes 48 seconds East, 63.10 feet to a point; thence leaving the Southern Right-of-Way Line of Hidden Oaks Drive, South 24 degrees 14 minutes 12 seconds West, 129.13 feet to a point; thence South 33 degrees 29 minutes 22 seconds East, 368.71 feet to a point; thence South 64 degrees 26 minutes 33 seconds East, 1083.78 feet to a point; thence leaving said Section I-A Line, South 69 degrees 05 minutes 39 seconds East, 248.64 feet to a point; thence North 88 degrees 00 minutes 05 seconds East, 135.06 feet to a point; thence North 74 degrees 12 minutes 05 seconds East, 106.99 feet to a point; thence North 56 degrees 13 minutes 07 seconds East, 129.69 feet to a point; thence South 46 degrees 00 minutes 17 seconds East, 59.70 feet to an iron pipe found; thence South 40 degrees 05 minutes 38 seconds East, 14.13 feet to an iron stake found; thence South 56 degrees 13 minutes 07 seconds West, 449.93 feet to an iron stake found; thence South 28 degrees 54 minutes 43 seconds East, 426.12 feet to an iron stake found on the Northern Right-of-Way Line of Hunters Trail (70 foot Right-of-Way); thence with said Right-of-Way Line, South 77 degrees 03 minutes 27 seconds West, 72.44 feet to a point; thence along the arc of a curve having a radius of 914.35 feet and curving to the right, 559.71 feet (chord North 85 degrees 24 minutes 14 seconds West, 551.01 feet) to a point; thence North 67 degrees 51 minutes 56 seconds West, 375.0 feet to a point; thence along the arc of a curve having a radius of 620.42 feet and curving to the left, 458.65 feet (chord North 89 degrees 02 minutes 37 seconds West, 448.27 feet) to a point; thence leaving said Right-of-Way Line and with the Eastern and Northern Lines of Lots 1 through 11 of "Section III, The Forest of Hunter's Creek" as recorded in Map Book 34, Page 43 and the Eastern Lines of Lots 29 through 25 of "Baywood III at Hunter's Creek" as recorded in Map Book 31, Page 18, North 13 degrees 08 minutes 03 seconds West, 331.07 feet to an iron stake found; thence North 50 degrees 05 minutes 06 seconds West, 350.57 feet to an iron stake found; thence South 81 degrees 33 minutes 35 seconds West, 403.92 feet an iron stake found; thence North 27 degrees 31 minutes 07 seconds West, 378.72 feet to an iron stake found; thence North 41 degrees 56 minutes 29 seconds West, 273.38 feet to an iron stake found; thence North 83 degrees 33 minutes 54 seconds West, 25.52 feet to an iron stake found; thence North 06 degrees 06 minutes 32 seconds East, 180.17 feet to a concrete monument found on the Southern Right-of-Way Line of Ashley Meadow Lane; thence with

EXHIBIT A (DEVELOPMENT AREA) Page 3

said Right-of-Way Line, South 83 degrees 20 minutes 55 seconds East, 22.15 feet to an iron stake found; thence crossing Ashley Meadow Lane, North 05 degrees 37 minutes 49 seconds East, 50.13 feet to the point and place of beginning.

The described tract contains 33.92 acres, more or less, and being a portion of that property as recorded in Deed Book 1076, Page 149. All courses are referenced to North per Map Book 64, Page 179. This description being prepared by Parker & Associates, Inc. from recorded and computed information and is for development loan purposes only.

EXHIBIT A-1 (PROJECT AREA)

BEING all of those numbered lots as shown on that plat entitled "FINAL PLAT HIDDEN OAKS SECTION I-A AT HUNTER'S CREEK" as recorded in Map Book 64, Page 179, of the Onslow County Public Registry.