

✓ *Hogue, Hill, Jones, et al*

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JOYCE M. SWICEGOOD  
REGISTER OF DEEDS  
PENDER COUNTY, NC

**STATE OF NORTH CAROLINA  
COUNTY OF PENDER**

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR GRAND OAKS**

This Master Declaration, made the 30th day of April, 2004, by **GRAND OAKS DEVELOPMENT COMPANY, LLC**, hereinafter referred to as "Declarant" or "Developer",

WITNESSETH:

Whereas, Declarant is the owner of certain real property in Pender County, North Carolina, shown on plat recorded in Map Book 33, Page 63, and Map Book 36, Page 110 of the Pender County Registry (the "Property"); and

Whereas, the Declarant proposes to divide the Property into separate developments including, but not limited to, **OAK RIDGE AT GRAND OAKS** and **PINE VILLAGE AT GRAND OAKS**; and

Whereas, there will be common elements (the "Master Common Elements" which are hereinafter defined) which serve each separate development and all lot owners within the Property; and

Whereas, Declarant desires to protect the value and desirability of the Master Common Elements, for itself and those persons entitled to the use thereof, pursuant to the covenants, conditions and restrictions hereinafter set forth.

NOW, THEREFORE, Declarant declares as follows:

ARTICLE I.

DEFINITIONS

SECTION 1. Additional Property shall mean and refer to any lands shown on plat recorded in Map Book 6 Page 4 of the Pender County Registry, other than the

Recorded and Verified  
Joyce M. Swicegood  
Register of Deeds  
Pender County, NC

17

Property, annexed to and made a part of the Development (as hereinafter defined) pursuant to the terms of this Declaration.

SECTION 2. Assessment Year shall mean each calendar year.

SECTION 3. Collection Costs shall mean all reasonable attorneys' fees, all court costs, and all other expenses reasonably incurred by the Master Association in collecting and enforcing the collection of delinquent Master Assessments.

SECTION 4. Declaration shall mean this instrument, as it may be from time to time amended or supplemented.

SECTION 5. Developer's Share shall mean the Developer's part of the Master Assessments as defined in Article VI hereof.

SECTION 6. Development and Planned Community shall mean the Property plus any Additional Property.

SECTION 7. Lot(s) shall mean and refer to any platted lot within any Subdevelopment, the Owners of which are required to be members of its Subdevelopment Association.

SECTION 8. Master Assessments shall mean the assessments defined in Article V hereof.

SECTION 9. Master Assessment Fund shall mean an account established and maintained by the Master Association to which installments of the Master Assessments shall be deposited by each Subdevelopment Association and the Developer, which account may be changed as of the first day of each Assessment Year upon written notice by the Master Association to the Developer and each Subdevelopment Association of the location of the new account with account number and other appropriate account information.

SECTION 10. Master Association shall mean and refer to **Grand Oaks Homeowners' Association, Inc.**, a North Carolina non-profit corporation, its successors and assigns.

SECTION 11. Master Common Elements shall mean the lands and easements within or appurtenant to the Planned Community owned or enjoyed by the Master Association for the use and enjoyment of all of the Owners, including but not limited to any stormwater retention ponds and private roads within the Planned Community.

SECTION 12. Member(s) shall mean and refer to every Subdevelopment Association, including **Oak Ridge at Grand Oaks Homeowners' Association, Inc.** and **Pine Village at Grand Oaks Homeowners' Association, Inc.**

SECTION 13. Membership shall mean and refer to the rights, privileges, benefits, duties and obligations, which shall inure to the benefit of and burden each Member of the Master Association.

SECTION 14. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 15. Property shall mean the Property as defined in the preamble to this Declaration.

SECTION 16. Proportionate Share shall mean each Subdevelopment Association's share of the Master Assessments as defined in Article V hereof.

SECTION 17. Revenues shall mean all payments, dues, assessments, insurance proceeds, fees, charges, rents and other income derived by or for the account of any Subdevelopment Association.

SECTION 18. Subdevelopment shall mean Lots 1 through 11 of Pine Village at Grand Oaks and all lots of Oak Ridge at Grand Oaks as shown and described in Map Book 33 at Page 63 of the Pender County Registry, and any other portions of the Development developed by Declarant, its successors and assigns, that are annexed to and made a part of the Planned Community..

SECTION 19. Subdevelopment Assessments shall mean all annual, special and other types of assessments and payments due a Subdevelopment Association from its members.

SECTION 20. Subdevelopment Association shall mean the homeowners' association created for each Subdevelopment, including, but not limited to Oak Ridge at Grand Oaks Homeowners' Association, Inc., and Pine Village at Grand Oaks Homeowners' Association, Inc.

SECTION 21. Subdevelopment Covenants shall mean the covenants, conditions and restrictions recorded in the Pender County Registry for each Subdevelopment.

## ARTICLE II

### PROPERTY SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Property Subject to Declaration. The Property and any Additional Property shall be subject to the easements, restrictions, covenants, and conditions contained in this Declaration, which shall run with the land. All present and future

Owners, tenants and occupants of Lots, their guests or invitees, and all Subdevelopment Associations, shall be subject to, and shall comply with the provisions of this Declaration, as it may be amended from time to time. The acceptance of a deed of conveyance, or the entering into of a lease or the entering into occupancy of any part of a Subdevelopment shall constitute an agreement that the provisions of this Declaration are accepted and ratified.

SECTION 2. Term. The covenants, restrictions and other provisions of this Declaration shall remain in full force and effect for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by amendment adopted in accordance with the provisions hereof.

SECTION 3. Enforcement. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Declarant, the Master Association, any Subdevelopment Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns. Failure at any time to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

### ARTICLE III.

#### PROPERTY RIGHTS AND EASEMENTS

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

A. The Master Association may make and amend reasonable rules and regulations governing use of the Master Common Elements.

B. The privileges of an Owner to use the Master Common Elements may be suspended by the Master Association for a period not to exceed 60 days for an infraction of the published rules and regulations of the Master Association.

C. The Master Association may mortgage or convey the Master Common Elements, or dedicate or transfer all or part of it, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to upon the affirmative of at least two-thirds of the votes held by the Members; provided, however, that the Master Association may without the consent of the Members grant easements over the Master Common Elements for drainage systems and public utilities, and that any conveyance or encumbrance of the Master Common Elements shall be subject to any rights of ingress and egress. Notwithstanding the foregoing, during any period that the Declarant has control of the Board of Directors of the Master Association, pursuant

to the provisions of Article VI, Section 1.A hereof, the Board of Directors may mortgage or hypothecate the Master Common Elements for the purpose of making any improvements or additions thereto without a vote of the Members.

D. The Master Association, as a common expense, may at all times keep the Master Common Elements and its other assets, if any, insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Master Association for all Members. The Master Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Master Association be brought into contribution with insurance purchased by members of any Subdevelopment Association or their mortgagees.

E. The Master Association may pledge its revenues and all of its rights and privileges hereunder as security for loans to the Master Association.

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

A. Easements as necessary in the Master Common Elements for the installation and maintenance of utilities and drainage facilities; said easement rights to include, but not be limited to, (i) the right of Declarant and the Master Association to go upon such areas with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, cable T.V., or other public conveniences or utilities; (ii) the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Master Association to be necessary in order to maintain reasonable standards of health, safety and appearance; (iii) the right to cut any trees, bushes or shrubbery; (iv) the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance; and (v) the right to locate wells, pumping stations, and tanks. Unless authorized in writing by the Master Association, no structures or plantings or other material shall be placed or permitted or remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems.

B. Easements over all private streets, if any, access easements, and parking areas as necessary to provide access, ingress and egress, to any Additional Property.

SECTION 3. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant, the Master Association and each Subdevelopment Association, their successors and assigns, and any Owner, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

#### ARTICLE IV.

##### MASTER ASSOCIATION

SECTION 1. Formation of Master Association. The Master Association is a nonprofit corporation organized by Declarant pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association to own, operate and maintain the Master Common Elements (including any retention pond) in accordance with this Declaration, its Charter and Bylaws.

SECTION 2. Membership. Every Subdevelopment Association located within the Planned Community shall be a Member of the Master Association.

SECTION 3. Voting Rights. On all matters upon which Members are entitled to vote, each Subdevelopment Association shall be entitled to one vote for each platted Lot within the Subdevelopment which said Association represents.

SECTION 4. Government Permits. All duties, obligations, rights and privileges of the Declarant under any water, sewer, stormwater and utility agreements, easements and permits for the Master Common Elements with municipal or governmental agencies or public or private utility companies shall be the responsibility of the Master Association at all times after the assignment thereof to the Master Association by the Declarant.

#### ARTICLE V.

##### COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of and Payment of Assessments. Each Subdevelopment Association covenants and agrees to pay its Proportionate Share (as hereinafter defined) of the Master Assessments (other than the Developer's Share) levied by the Master Association. Master Assessments shall be used exclusively to pay the costs of the improvement, operation and maintenance of the Master Common Elements, said costs to include debt service on funds borrowed for such purposes; enforcing this Declaration; paying utilities, taxes, insurance premiums, legal and accounting fees and governmental charges; establishing reserves for any of such costs, for working capital, for extraordinary repairs, for depreciation and for other purposes; and in addition, doing any other things necessary or desirable in the opinion of the Master Association to keep

the Master Common Elements in good operating order and repair and to operate the Master Association in a prudent and businesslike manner. The Master Assessments shall be in an amount to be fixed for each Assessment Year by the Board of Directors of the Master Association which may establish different rates from year to year as it may deem necessary. The amount of the Master Assessment for any given Assessment Year shall be fixed at least 30 days in advance of the Assessment Year; provided, however, that the first Annual Assessment may be set at anytime. Written notice of each Master Assessment shall be sent to every Member. The Master Assessment shall be paid in 12 equal monthly installments, before the 20<sup>th</sup> day of each month.

SECTION 2. Subdevelopment Association Share of Assessments. Each Subdevelopment Association's share of the Master Assessments (the "Proportionate Share") for each Assessment Year shall be equal to the ratio that, on January 1 of the Assessment Year, the number of Lots in the Subdevelopment bears to the number of Lots in all Subdevelopment Associations.

SECTION 3. Pledge of Subdevelopment Assessments. Each Subdevelopment Association hereby pledges and assigns to the Master Association all of its Revenues to secure the payment of its Proportionate Share of the Master Assessments and any delinquent Master Assessments, together with any interest due thereon, plus all Collection Costs (as hereinafter defined). The Revenues, as received by each Subdevelopment Association, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act. The lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the respective Subdevelopment Association irrespective of whether such parties have actual notice thereof.

SECTION 4. Amount of Subdevelopment Assessments. Each Subdevelopment Association shall levy, assess, fix, charge and collect for each Assessment Year Subdevelopment Assessments in an amount at least sufficient to pay in said Assessment Year the sum of (i) its current expenses for the operation and maintenance of its Subdevelopment Common Areas and, (ii) its Proportionate Share of the Master Assessments.

SECTION 5. Application of Revenues. Each Subdevelopment Association will apply its Revenues as follows:

A. Deposits to Master Assessment Fund of the Master Association.

During each month of each Assessment Year, each Subdevelopment Association shall from its Revenues for the month, before making any other expenditures, deposit to the Master Assessment Fund 1/12<sup>th</sup> of its Proportionate Share of the Master Assessments; provided, however, that if the Subdevelopment Association becomes a Member of the Master Association during an Assessment Year, then the amount of the monthly deposits shall be adjusted for the year to reflect the actual number of months during the

year for which the Subdevelopment Association is obligated to pay Master Assessments.

B. Delinquencies. Each Subdevelopment Association in each month shall next apply its Revenues, and to the extent they are not sufficient, Revenues on hand from any previous periods, to cure any default existing in the payment of installments of its Proportionate Share of Master Assessments, said payments to also be deposited to the Master Assessment Fund.

C. Payment for Operations. After making the deposits to the Master Assessment Fund required by subparagraphs A and B above, the Subdevelopment Association shall be entitled to expend its remaining Revenues to pay the other costs and expenses authorized by its Subdevelopment Covenants.

SECTION 6. Collateral Assignment. Each Subdevelopment Association hereby assigns and sets over to the Master Association, in addition to its Revenues which are assigned and pledged pursuant to this Article, all of the rights, powers and duties of the Subdevelopment Association to set, collect and enforce the collection of its Subdevelopment Assessments, together with the lien for assessments created by its Subdevelopment Covenants. This assignment is made upon the following terms and conditions:

A. So long as no Event of Default (as hereinafter defined) exists with regard to a Subdevelopment Association, then the Subdevelopment Association shall be entitled to set, collect and enforce the collection of its Subdevelopment Assessments and other Revenues to which it is entitled.

B. Upon the occurrence of any Event of Default by a Subdevelopment Association, then the Master Association, at its option, may take all action deemed by it necessary or proper and use all measures, legal or equitable, to enforce this assignment and collect the Subdevelopment Assessments, to set the amount of the Subdivision Assessments and to enforce the lien of the Subdevelopment Association for collection of the same, to bring legal or equitable actions against the Owners to enforce their personal liability for assessments, and to continue to do so until all defaults are cured and from time to time as defaults may reoccur. The Master Association shall apply all such Subdevelopment Assessments and other Revenues to satisfy the requirements of Section 5 A. and B. of this Article V plus the payment of all Collection Costs. After the full satisfaction of such requirements, the Master Association shall pay any remaining portion of the Subdevelopment Assessments to the Subdevelopment Association. The Master Association shall not be obligated to perform any of the duties of a Subdevelopment Association to operate and maintain Subdevelopment Common Areas or to perform any of its other duties whatsoever.

SECTION 7. Interest. Any Master Assessment or installment thereof not paid when due shall bear interest from the due date at the highest rate allowable by law.

SECTION 8. Events of Default. The following events shall constitute Events of Default under this Article V:

A. If any Subdevelopment Association fails to pay any Master Assessment installment within 15 days of when due.

B. If any Subdevelopment Association is in default or breach under any of the other terms and conditions of this Article V and such breach or default continues for a period of 30 days after written notice thereof from the Master Association to the defaulting Subdevelopment Association.

SECTION 9. Monies Held in Trust. At any time after the occurrence of an Event of Default which is continuing, all Revenues received by a Subdevelopment Association shall be held by the Subdevelopment Association in trust for the Master Association, subject to all fiduciary duties placed on a trustee by the laws of the State of North Carolina.

SECTION 10. Specific Performance. The Master Association shall at all times be entitled to have a court of competent jurisdiction grant the specific performance of any obligation of any Subdevelopment Association under this Declaration.

SECTION 11. Miscellaneous. No Subdevelopment Association may waive or otherwise escape liability for the Master Assessments by nonuse or its members nonuse of any Master Common Elements or by the Owners abandonment of his Lot or by virtue of the dissolution of the Subdevelopment Association. In the event of the dissolution of any Subdevelopment Association, all rights duties and obligations of the Subdevelopment Association to fix, collect and enforce the collection of its Subdevelopment Assessments shall pass to the Master Association until a successor association is created but the Master Association shall not be obligated to perform any of the duties of the Subdevelopment Association for the operation of Subdevelopment Common Areas, the maintaining of insurance, and other duties.

## ARTICLE VI

### RIGHTS AND DUTIES OF DEVELOPER

SECTION 1. Rights. The Declarant shall have, and there is hereby reserved to the Declarant, the following rights, powers and privileges which shall be in addition to any other rights, powers and privileges reserved to the Declarant herein:

A. Control of Master Association. The Declarant shall be entitled to appoint the members of the board of directors of the Master Association during any period that the Declarant, its successors or assigns, owns any part of the Development.

B. Plan of Development. The Declarant is granted the right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Master Common Elements including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant may increase or decrease the size of the Master Common Elements or change the size or location of any structures thereon as the Declarant in its sole discretion sees fit.

C. Amendment of Declaration by the Declarant. This Declaration may be amended by the Declarant without approval of the Members, the Owners, or the Board of the Master Association, as follows:

- (i) In any respect, prior to the sale of the first Lot.
- (ii) To the extent this Declaration applies to Additional Property.
- (iii) To correct any obvious error or inconsistency in drafting, typing or reproduction.
- (iv) To qualify the Master Association or the Master Common Elements for tax-exempt status.
- (v) To include any platting change as permitted herein.
- (vi) To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Development or to qualify any Subdevelopment for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of Lots, and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation,

the Veterans Administration, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion. Notwithstanding anything else herein to the contrary, only the Declarant, during the period the Declarant is entitled to appoint the directors of the Master Association, shall be entitled to amend this Declaration pursuant to this Section. This Declaration may be amended at anytime without the consent or approval of Lot Owners for the purpose of complying with any condition or requirement of the North Carolina Department of Environment and Natural Resources for the issuance or amendment of a stormwater permit or otherwise.

D. Annexation of Additional Property. Declarant may annex Additional Property to and make it a part of the Development without the consent of any Subdevelopers or Owners. Upon such annexation, the Additional Property shall become subject to this Declaration, as it may be amended. The Subdevelopment Association for any Additional Property shall be a Member of the Master Association and the Owners within the Additional property shall be beneficiaries of the easement provided for in Article III, Section 1 of this Declaration.

SECTION 2. Duties. The Developer shall pay to the Master Association a portion of the Master Assessments for each Assessment Year equal to the ratio that the number of acres of land in the Development owned by the Developer bears to the total number of acres of land which at anytime has been part of the Development (the "Developer's Share"). The Developer's Share will be calculated on January 1 of each Assessment Year and may be paid at such time(s) during the year as the Developer deems appropriate.

## ARTICLE VII

### STORMWATER PERMIT/FACILITIES

SECTION 1. Stormwater Permit. The Association and each of its Members agree that at anytime after (i) any work required under a stormwater permit for the Planned Community has been completed (other than operation and maintenance activities), and (ii) the Developer is not prohibited under DENR regulations from transferring such Stormwater permit for the Planned Community to the Association, the Association's officers without any vote or approval of Lot

Owners, and within 10 days after being requested to do so, will sign all documents required by DENR for such stormwater permit to be transferred to the Association; provided, however, that at the time the Developer requests that the Association accept transfer of the stormwater permit, the Developer has delivered to the Association a certificate from an engineer licensed in the State of North Carolina, dated no more than 45 days before the date of the request, that all stormwater retention ponds, swales and related facilities are constructed in accordance with the plans and specifications therefore. If the Association fails to sign the documents required by this paragraph, the Developer shall be entitled to specific performance in the courts of North Carolina requiring that the appropriate Association officers sign all documents necessary for the stormwater permit to be transferred to the Association. Failure of the officers to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the stormwater facilities covered by the stormwater permit.

SECTION 2. Stormwater Facilities O & M. Any stormwater retention ponds and related facilities for the Planned Community which have or are to be constructed by or on behalf of Declarant constitute Common Elements and, subject only to the provisions of Section 3 of this Article VII, the Association, at its sole cost and expense, is responsible for the operation and maintenance of such facilities. Such O & M shall include, but not be limited to, compliance with all of the terms and obtaining any renewals of a stormwater permit. Except as provided in Section 3 of this Article VII, the Association shall indemnify and hold harmless the Developer from any obligations and costs under a stormwater permit for operation and maintenance of the stormwater retention ponds and related facilities.

SECTION 3. Damage to Storm Water Facilities. The Declarant shall at its sole cost and expense be responsible for repairing any damage to storm water facilities caused by the Developer's development activities. The Developer shall not be responsible for damages to stormwater retention ponds and related facilities caused by any other cause whatsoever, including but not limited to construction of residences or other activities by Owners, their agents and contractors, upon their Lots, acts of God, and the negligence of others. Lot Owners shall be responsible for damages to such stormwater facilities caused by construction of buildings or other activities upon the Owner's Lot. Each Owner, shall within 30 days after receipt of notice of damage to stormwater facilities, repair the damage at the Owner's sole cost and expense to return them to the state required by the storm water plans and specifications for the Planned Community. If the Lot Owner fails to do so within said 30-day period, the Association shall perform the work and the cost of the work shall be added to the Annual Assessment due from the Lot Owner.

SECTION 4. Enforcement Of Storm Water Runoff Regulations. No Lot, nor that portion of the street right of way between the edge of the pavement and the front Lot line, shall be covered by impervious structures, including asphalt, gravel,

concrete, brick, stone, slate or similar material (but excluding wood decking and the water surface of swimming pools), in excess of the square footages provided in the stormwater permit(s) for the Planned Community. Alteration of the drainage as shown on the plans and specifications submitted by the Declarant to obtain any stormwater permit is prohibited without the consent of DWQ and the Declarant. Roadside or lot line swales, ditches and other vegetative conveyances may not be filled, piped or altered except as necessary to provide a minimum driveway crossing. For curb and gutter projects, no one may pipe, fill in, or alter any Lot line swale used to meet stormwater permit requirements.

In low density subdivisions, each lot will maintain a 30' vegetative buffer between all impervious areas and surface waters and all roof drains shall terminate at least 30' from the mean high water mark of any waters that ebb and flow with the tide. In low density subdivisions which have curb and gutters, designated 5:1 curb outlet swales may not be filled, piped or altered and each curb outlet swale must be maintained at a minimum length of 100' with 5:1 (H:V) side slopes or flatter, have a longitudinal slope no steeper than 5%, carry the flow from a 10 year storm in a non-erosive manner, and maintain a dense vegetated cover.

These covenants run with the land and are intended to insure continued compliance with the stormwater permit. Therefore, the covenants contained in this section may not be changed or deleted without the consent of DWQ and the State of North Carolina is specifically made a beneficiary of these covenants. The provisions of the stormwater permit(s) for the Planned Community are incorporated herein by reference and each Owner is required to refrain from taking any action which will be in violation of the stormwater permit(s).

Lots within CAMA's Area of Environmental Concern may have the permitted maximum built-upon area reduced due to CAMA jurisdiction over such areas.

## ARTICLE VIII

### LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Planned Community and the Lots within it. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall run with and bind the land and shall bind any

person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners.

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

A. Association to Remedy Violation. In the event an Owner (or other occupant of a Lot) is in violation of or fails to perform any maintenance or other activities required by this Declaration, the Association's Bylaws, Charter or Rules and Regulations, the Executive Board, after 30-days notice, may enter upon the Lot and remedy the violation or perform the required maintenance or other activities, all at the expense of the Owner. The full amount of the cost of remedying the violation or performing such maintenance or other activities shall be chargeable to the Lot, including collection costs and reasonable attorneys' fees. Such amounts shall be due and payable within 30 days after Owner is billed. If not paid within said 30 day period, the amount thereof may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot. In the event that any maintenance activities are necessitated to any Common or Limited Common Elements by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot.

B. Fines. The Association may in accordance with the procedures set forth in the Act establish a schedule of and collect fines for the violation of this Declaration or of the Association's Articles of Incorporation, Bylaws or Rules and Regulations. If an Owner does not pay the fine when due, the fine shall immediately become a part of and be added to the Annual Assessment against the Owner's Lot and may be enforced by the Association as all other Assessments provided for herein.

C. Suspension of Services and Privileges. The Association may in accordance with the procedures set forth in the Act suspend all services and privileges provided by the Association to an Owner (other than rights of access to Lots) for any period during which any Assessments against the Owner's lot remain unpaid for at least 30 days or for any period that the Owner or the Owner's Lot is otherwise in violation of this Declaration or the Association's Charter, Bylaws, or Rules and Regulations.

SECTION 3. Miscellaneous. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The remedies provided herein are cumulative and are in addition to any other remedies provided by law.

#### ARTICLE IX.

#### GENERAL PROVISIONS

SECTION 1. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Planned Community or the property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of Assessments or charges owed by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of any master insurance policy.

SECTION 2. Utility Service. Declarant reserves the right to subject the Property to contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections, impact fees or any other charges imposed by any entity furnishing water, sewer or other utility service to the Lots. In the alternative, the Developer may collect such connection, impact and other fees, and charges directly from the Lot Owners. All Lot Owners shall be required, for household purposes, to use water and sewer supplied by the companies/governmental units servicing the Planned Community. Separate

water systems for outside irrigation and other outdoor uses shall not be permitted without the consent of the Architectural Control Committee.

SECTION 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 4. Amendment of Declaration. Except in cases of amendments that may be executed by the Declarant under this Declaration or by certain Lot Owners under Section 47F-2-118(b) of the Act, this Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, or by the Declarant if necessary for the exercise of any Special Declarant Right or development or other right reserved to the Declarant herein.

SECTION 5. FHA/VA Approval. So long as there is Class B membership, annexation of Additional Properties, dedication of Common Elements and amendments to this Declaration must be approved by the Federal Housing Administration and/or the Department of Veterans Affairs, as the case may be, if either of those agencies has approved the making, insuring or guaranteeing of mortgage loans within the Planned Community.

SECTION 6. North Carolina Planned Community Act. It is the intent of the Declarant to comply with the requirements imposed on the Planned Community, by the Act and to the extent any of the terms of this Declaration violate the Act, the terms of the Act shall control.

IN TESTIMONY WHEREOF, GRAND OAKS DEVELOPMENT COMPANY, LLC, has caused this Declaration to be executed in its company name by its Manager as of the day and year first above written.

GRAND OAKS DEVELOPMENT  
COMPANY, LLC

By: Elloyd E. McIntire Sr.  
Elloyd E. McIntire, Manager