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NORTH CAROLINA
ONSLow COUNTY

**DECLARATION OF
CONDITIONS, RESERVATIONS AND RESTRICTIONS
OF HOTEL BRANCH ESTATES (RECOMBINATION)**

THIS DECLARATION, made on the date hereinafter set forth by BAND ASSOCIATES, a North Carolina general partnership (hereinafter referred to as "Declarants"), PAUL W. WELLMAN III, Substitute Trustee (hereinafter referred to as "Trustee"), and BRANCH BANKING AND TRUST COMPANY (hereinafter referred to as "Beneficiary").

WITNESSETH:

WHEREAS, Declarant is the owner of certain property and desires to develop therein a residential community together with a common easement for a roadway, said property being located in Richlands Township, Onslow County, North Carolina, and more particularly described as follows:

BEING all of Lots 15, 16 and 17 as shown on a plat entitled HOTEL BRANCH ESTATES, recorded in Map Book 42, Page 37, Onslow County Registry; and all of Lots 1 through 14, as shown on a plat entitled RECOMBINATION ON SEPTEMBER 3, 2002, PLAT OF DIVISION OF DB 1716 PG 669 FOR: BanD ASSOCIATES, recorded in Map Book 43, Page 202, Slide K-1629, Onslow County Registry; (hereinafter called the Property), and

WHEREAS, the Declarant has executed a Deed of Trust to the Jerone C. Herring, Trustee for the benefit of the Beneficiary, recorded June 7, 2001 in Book 1716, Page 671, Onslow County Registry, which is a lien upon the Property, and said Paul W. Wellman III has been appointed Substitute Trustee thereof; and

WHEREAS, the Declarant and the Beneficiary desire that the Property be developed in an orderly manner for the benefit of all owners of the above described Property, and

WHEREAS, the Declarant has determined this may best be done by imposing on the Property the conditions, reservations and restrictions contained herein, and by creating an association to which will be delegated and assigned the powers of maintaining the roadway within the Property, administering and enforcing the covenants and restrictions, and levying, collecting and disbursing the assessments and charges hereinafter created.

NOW, THEREFORE, the Declarant hereby declares that all of the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having a right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof; and the Beneficiary and Trustee join in the execution of this instrument for the purpose of subjecting their equitable lienhold interest in the Property to these restrictions.

ARTICLE I: DEFINITIONS

Section 1. "Association" shall mean and refer to HOTEL BRANCH ESTATES OWNERS ASSOCIATION, its successors and assigns.

Section 2. "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 Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real Property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the roadway.

Section 5. "Declarant" shall mean and refer to BAND ASSOCIATES, a North Carolina general partnership, its successors and assigns if such successors or assigns should acquire more than five undeveloped Lots from the Declarant for the purpose of development.

ARTICLE II: USE RESTRICTIONS

Section 1: RESIDENTIAL USE. Such Lots, and each and every one thereof, are for residential purposes only and exclusively for the construction of single family residences. No building or structure intended for or adapted to business purposes shall be erected, placed, permitted, or maintained on such premises, or on any part thereof. However, Declarant shall have the right to place a model home, sales office or property management office on the property.

Section 2. CONSTRUCTION STANDARDS. Only double-wide mobile homes or other modular type construction, as well as stick-built homes, will be allowed, provided that any mobile home placed upon any Lot must be five years old or newer, must be placed on a permanent (brick or block) foundation, and shall have a minimum width of at least 24 feet. No dwelling of any type shall be permitted which has less than 1,000 square feet of heated living space. Garages, decks, terraces, open porches, basements and like areas shall not be included in square footage for the purpose of this Article. All construction shall be completed within 180 days from the date of commencement of construction for any site-built home, and 90 days from the date of delivery of any mobile or modular home.

Section 3 SETBACK LINES; DRAINAGE AND UTILITY EASEMENTS. No building, structure, fence, outbuilding, or appurtenance of any nature shall be located closer to any property line or street right of way than the minimum building line shown on the recorded plat, or a minimum of 20 feet from the street right of way line of Hotel Branch Lane. The Declarant further reserves an easement for the purpose of installation and maintenance of drainage and utility lines or services as shown on said recorded plats of the Property.

Section 4. ANIMALS. No animals, livestock or poultry of any kind shall be raised, kept or bred on any Lot, except as follows: dogs, cats or other household pets may be kept, provided they are not kept, bred or maintained for any commercial purposes, and provided they are not allowed to run at large or otherwise become a nuisance to the community. No vicious animals or dangerous breeds of dogs shall be allowed on any Lot. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot. The Owner of any Lot (or combination of adjoining Lots) containing two acres or more may keep up to three horses for personal use on their Lot(s) only (i.e. not on any common areas or easements).

Section 5. (Reserved)

Section 6. 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 vehicles or similar items shall be repaired or placed on blocks or stands except in an enclosed garage. Declarant reserves for itself and for the Association 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 or the Association may contract for, and assess to the Lot owner, any maintenance necessary to enforce this covenant. No Lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding Lots.

Section 6. SIGNS. No billboards or advertising signs of any character shall be erected, placed, permitted, or maintained on any Lot or improvement thereon except "For Sale" or "For Rent" signs. Nothing herein shall be construed to prevent the Declarant from erecting, placing, or maintaining signs, structures and offices as may be deemed necessary by them for the operation of the subdivision.

Section 7. TANKS. No elevated tanks of any kind shall be erected, placed, or permitted on any part of the Properties, except as approved by the Declarant. Any tanks for use in connection with any residence constructed on the Properties, including tanks for the storage of fuels, must be buried or walled sufficiently to conceal them from the view from neighboring lots, roads, or streets. All clotheslines, garbage cans, equipment, coolers, wood piles, or storage piles shall be walled in or fenced to conceal them from the view of neighboring lots, roads, or streets. Plans for all enclosures of this nature must be approved by the Declarant or Association prior to construction.

Section 8. FENCES. No fences over eight (8) feet in height shall be constructed on any Lot, and any fence must be constructed of wood or chain-link material.

Section 9. DRAINAGE. Drainageways shall conform to the requirements of all lawful public authorities, to the full extent of the authority given them by law. Further, Declarant may, at its option, require more restrictive drainageways if the same would promote the best interest of the development.

Section 10. COMMERCIAL VEHICLES. No commercial or construction vehicles with a gross vehicle weight over 25,000 pounds shall be permitted on any lot of the subdivision unless first approved by the Declarant, except during the construction of the residence thereon.

Section 11. DIVISION OF LOTS. No lot shall be resubdivided except as approved by the Declarant or Association.

ARTICLE III: ROADWAYS, EASEMENTS

Every owner shall have a right of easement of enjoyment, and ingress, egress and regress in and over the roadway shown as "Hotel Branch Lane" on the recorded plats of the Property, and such easement shall be appurtenant to and shall pass with the title to every Lot, whether or not specifically referenced in any deed to any Lot. Any portion of said roadway which is not included in the description to a Lot shall be owned in fee simple by all the Owners. Each Owner, by accepting a deed to any Lot, consents to the acceptance of the roadways by the North Carolina Department of Transportation into the state highway system. Declarant hereby reserves for itself, its successors and assigns, an easement for ingress, egress and utility purposes over and across the roadways within the Property, which easement shall be appurtenant to, and for the benefit of, Declarant's land adjoining the Property.

ARTICLE IV: STORMWATER RUNOFF

The following covenants are intended to insure ongoing compliance with State Stormwater Management Permit No. SW8 020628 as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit. These covenants are to run with the land and shall be binding upon all Owners and all persons and parties claiming under them. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

The maximum built-upon surface area (BUA) for each Lot shall be as follows:

Lot #	Total Area of Lot	BUA (Square Feet)
1	1.151 acres	11,921
2	1.003 acres	9,987
3	1.04 acres	10,470
4	2.309 acres	27,054
5	4.088 acres	50,086
6	3.735 acres	45,689
7	2.07 acres	23,930
8	2.429 acres	28,622
9	1.595 acres	17,723
10	1.28 acres	13,607
11	3.124 acres	37,704
12	1.748 acres	19,722
13	1.401 acres	15,188
14	1.012 acres	10,104
15	21,039 square feet	6,311
16	19,866 square feet	5,959
17	20,000 square feet	6,000
Totals:	29.386 acres	340,077

This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina, and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development, except for average driveway crossings, is strictly prohibited by any persons. Each lot will maintain a 30' wide vegetated buffer between all impervious areas and surface waters. All roof

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drains shall terminate at least 30' from the mean high water mark of surface waters.

ARTICLE V: ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

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

- a. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- b. On the fifth anniversary of the conveyance of a Lot or other parcel within the development.

ARTICLE VI: COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Purpose of Assessments. The assessments described herein and levied by the Association or Declarant shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners and their Lots, and in particular the maintenance and upkeep of the private roadways located within the development, and for services and facilities devoted to this purpose, including, but not limited to the maintenance, repair, replacement and additions to the roadways and drainageways, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 2. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot (except for Lot 17, Phase I, Hotel Branch Estates, which is expressly exempted from any assessment for road maintenance) 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: (1) Annual assessments or charges, and (2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$150.00 per Lot.

a. From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased each year not more than ten (10%) percent above the maximum assessment for the previous year without a vote of the membership.

b. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten (10%) percent by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

c. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of

any construction, reconstruction, repair or replacement of a capital improvement upon the roadways, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty (50%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and to the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No subsequent meeting shall be held more than 60 days following the preceding meeting nor less than five (5) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots (except for the said Lot 17, Phase I) and shall be collected on a regular basis. However, notwithstanding this section or any other section contained herein, Declarant shall not be obligated to pay the Uniform Assessment provided the lot is unoccupied and has not been conveyed from the Declarant.

Section 7. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence as to each Lot on the date of sale of such Lot; the first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve (12%) percent per annum or such other rate as the Association may determine. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the roadways or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VII: ADDITIONAL PROPERTIES

The Declarant reserves the right and option to expand the property subject to this Declaration by Amendment hereto, provided that any such expansion property utilizing the private roadway described herein shall also be subject to the lien for maintenance assessments as provided herein.

ARTICLE VIII: GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Document availability. The Association shall have current copies of the Declarations, By-Laws, and other rules concerning the project as well as its own books, records, and financial statements available for inspection by Lot Owners or by holders, insurers and guarantors of first mortgages that are secured by Lots and improvements within the development. These documents shall be available during normal business hours and under other reasonable circumstances. There shall be an annual audited statement prepared each year with copies made

available to the Lot Owners, and any holder, insurer or guarantor of any first mortgage that is secured by a Lot within the development.

Section 4. Condemnation, Destruction, or Liquidation. The Association will be deemed to represent the owners in any losses or proceeds from condemnation, destruction or liquidation of all or a part of the Common Areas and shall have the authority to negotiate, settle, and otherwise make agreements on behalf of all Lot Owners and their mortgage holders. Any and all funds shall be distributed to each of the Lot Owners in equal shares. However, all first mortgage holders shall be given (10) days notice prior to any disbursements to the Lot Owners.

Section 5. Limitation of Ability to Sell and Lease. No Lot Owner's right to sell, convey, transfer or mortgage his Lot shall be restricted.

Section 6. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive period of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety (90%) percent of the Lot owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Lot owners. Any amendment must be recorded.

ARTICLE IX: RESIGNATION OF DECLARANT

The Declarant shall grant and convey all of its rights and privileges under these covenants, conditions, reservations and restrictions to the HOTEL BRANCH ESTATES OWNERS ASSOCIATION, at such time the votes of the Lot Owners shall exceed those of the Declarant. Upon such conveyance and grant the Association shall have and shall succeed to all rights and duties with the same powers as if the Association had been named as Declarant herein.

Provided, further, that should the Declarant employ counsel to enforce any of the foregoing covenants, conditions, reservations or restrictions, or reentry, by reason of such breach, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the owner of such Lot or Lots and the Declarant shall have a lien upon such Lot or Lots to secure payment of all such accounts.

IN WITNESS WHEREOF, the Declarant, the Trustee and the Beneficiaries have set their hands and seals hereto on this 22 day of November, 2002.

BAND ASSOCIATES, Declarant

By: Brent Horne (SEAL)
Brent Horne, Partner

By: Danny King (SEAL)
Danny King, Partner

NORTH CAROLINA
ONslow COUNTY

I, a Notary Public in and for the aforesaid County and State, hereby certify that BRENT HORNE and DANNY KING, Partners in BAND ASSOCIATES, a North Carolina General Partnership, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and notarial seal, this the 22nd day of November, 2002.

Tammy G. Thomas Notary Public
My Commission Expires: 12-19-04



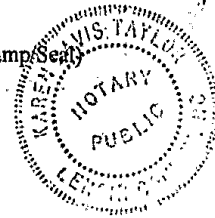
Paul W. Wellman (SEAL)
Substitute Trustee: Paul W. Wellman III

NORTH CAROLINA
COUNTY OF:

I, a Notary Public in and for the aforesaid County and State, hereby certify that Paul W. Wellman III, Substitute Trustee personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and notarial seal, this the 22 day of November, 2002.

Karen Davis Taylor, Notary Public
My Commission Expires: 8/23/2005

(Notary Stamp/Seal)



BRANCH BANKING AND TRUST COMPANY, Beneficiary

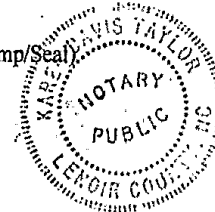
By: John L. Camp
Title: Vice Pres.

STATE OF NORTH CAROLINA
COUNTY OF Lenoir

I, a Notary Public in and for the aforesaid County and State, hereby certify that John L. Camp personally appeared before me this day and acknowledged that he/she is the Vice President of BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, he/she signed the foregoing instrument in its name on its behalf and as its act and deed. Witness my hand and notarial seal, this the 22 day of November, 2002.

Karen Davis Taylor, Notary Public
My Commission Expires: 8/23/2005

(Notary Stamp/Seal)



NORTH CAROLINA, ONSLOW COUNTY Tammy G Thomas & Karen Davis Taylor
The foregoing certificate(s) of _____

Notary(ies) Public is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 1932 Page 556 This 25 day of November 2002 A.D., at 2:25 o'clock PM.
Michael M. Thomas By _____
Register of Deeds, Onslow County Register of Deeds