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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR EASTGATE**

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

Mail to after recording: Eastgate, Inc.
P.O. Box 1685
Jacksonville, North Carolina 28540

Prepared by: Gaylor Edwards & Vatcher, P.A., Attorneys

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made this 26th day of December, 2007, by EASTGATE, INC., hereinafter called "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article II of this declaration and desires to create thereon a residential community with lots, roads and streets; and

WHEREAS, Declarant, prior to selling and conveying the lots, desires to impose upon said lots certain mutual restrictions, covenants, conditions and charges for the benefit of all lots in the subdivision so as to provide for the preservation of the values and amenities in said community; and to comply with certain rules and regulations as may exist or be established by the North Carolina Department of Environment and Natural Resources, Division of Water Quality and to this end desires to subject the real property described in Article II to the covenants, restrictions, conditions and easements hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

NOW, THEREFORE, the Declarant declares that the real property described in Article II, shall be held, transferred, sold, conveyed, leased, rented, encumbered, used and occupied subject to the covenants, conditions, restrictions, and easements (sometimes referred to as "Covenants and Restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

Section 1. Subdivision shall mean and refer to all lands described herein, as are subject to this

Declaration or any Supplemental Declaration, under the provisions of Article II hereof.

Section 2. Lot shall mean and refer to any separately described parcel of land shown upon the original recorded map of the Subdivision, or recombination of Lots permitted under this Declaration or any Supplemental Declaration, other than streets or roadways.

Section 3. Owner shall mean and refer to the legal or equitable owner, whether one or more persons or entities, owning any Lot, whether such ownership be in fee simple title or as land contract vendee, and shall not mean or refer to a mortgagee.

Section 4. Association shall mean and refer to "Eastgate Homeowners' Association, Inc.", its successors or assigns.

Section 5. Board shall mean and refer to the Board of Directors of the Association.

Section 6. Architectural Control Committee shall initially mean and refer to the Declarant, or such other entity or individual as Declarant may appoint, until all Lots in the Subdivision have been fully developed and permanent improvements constructed thereon and sold to permanent residents at which time the Declarant shall transfer the powers to three (3) Lot Owners which shall thereafter be the Architectural Control Committee.

Section 7. Permit shall mean the State of North Carolina Stormwater Management Permit number SW8 060547 as issued and modified by the Division of Water Quality under NCAC 2H.1000, and any subsequent modification thereto or other stormwater management permit hereafter issued for any property annexed to the Subdivision by the Declarant.

Section 8. Common Expenses shall mean and refer to :

a. the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Articles of Incorporation of the Association and its By-Laws;

b. all amounts expended by the Association in accordance with Article XI in holding and being responsible for the obligations of the Stormwater Management Permit SW8 060547 and overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities located within the Property as required by this Declaration and all amounts expended in enforcing the provisions of the Permit;

c. all amounts expended by the Association for the maintenance, repair and replacement of any sign or other improvements, including the landscaping thereof, within any Sign Easement area shown on the recorded map of the Subdivision.

Section 9. Structure shall mean and refer to:

(i) any thing or object the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, gazebo, shed, driveway, sidewalk, greenhouse or bathhouse, covered or uncovered patio, swimming pool, tennis court, fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, driveway, temporary or permanent living quarters or any other temporary or permanent improvement on such Lot;

(ii) any excavation, grading, fill ditch, diversion dam or other thing, object or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial river, creek, stream, canal, wash or drainage channel from, upon or across any Lot; and

(iii) any change in grade at any point on a Lot of more than six (6) inches.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

All that certain real property situated in Jacksonville Township, Onslow County, North Carolina and more particularly shown and described on a plat entitled "Final Plat Showing, EASTGATE", dated December 10, 2007, prepared by John L. Pierce & Associates, P.A. and recorded in Map Book 54, Page 198, Slide M-312, in the office of the Register of Deeds of Onslow County, North Carolina.

ARTICLE III

AESTHETIC QUALITY OF IMPROVEMENTS

The real property described in Article II hereof is subject to the protective covenants and restrictions hereby declared to ensure the best use and most appropriate development and improvement of each lot thereof; to protect owners of lots against such improper use of surrounding lots as will depreciate the value of their property; to preserve, so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures, and structures built of improper or unsuitable materials; to obtain harmonious color schemes; to ensure the highest and best development of said property; to encourage and secure the erection of attractive dwellings thereon, with appropriate locations thereof on lots; to prevent haphazard and inharmonious improvement of lots; to secure and maintain adequate setbacks from streets and sufficient free spaces between structures, and in general to provide adequately for an above average type and quality of improvement of said property, thereby enhancing the values of investments made by owners of the lots therein.

ARTICLE IV

RESIDENTIAL SINGLE FAMILY USE RESTRICTION

All Lots as described in Article II hereof shall be limited to residential use only. No building shall be erected, altered, placed or permitted to remain on any residential lot other than one detached single-family dwelling, together with private garages or out buildings incidental thereto. Provided, however, the Declarant shall have the right and privilege to use homes built by it as model homes from which to conduct sales operations of the remaining Lots of the Subdivision.

ARTICLE V

MINIMUM GROUND FLOOR AREA

The ground floor area of a single story dwelling shall not be less than 1,800 square feet of heated ground floor space, and the ground floor area of a two or more story dwelling shall not be less than 1,200 square feet. The minimum ground floor area herein referred to shall not include basements, attics, garages, breezeways or open porches of any type. The Declarant may, in writing, allow variances in the size of permitted dwellings, such variances not to exceed ten percent (10.0%) of the minimum square footage as set forth in this Section. Any permitted dwelling for which a size variance has been approved, in writing, by the Declarant, its successors or assigns, shall not be deemed to be in violation of this Section.

ARTICLE VI

ARCHITECTURAL CONTROL COMMITTEE PURPOSE AND POWERS

Section 1. Purpose and Powers. The purpose of the Architectural Control Committee is to assure that the installation, construction, or alteration of any Structure on any Lot is in accordance with the standards set forth in this Declaration as interpreted and determined by the Architectural Control Committee. To the extent necessary to carry out such purpose, the Architectural Control Committee shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Lot.

Section 2. Plan Approval. To preserve the architectural appearance of the Subdivision, no construction or placement of any Structure, or improvement of any nature whatsoever, shall be commenced or maintained by any Owner, family member of an Owner, tenant, visitor, guest, servant, agent or employee with respect to any Lot or any portion thereof, including without limitation, the construction or installation of any building or part thereof, garage, porch, gazebo, shed, driveway, sidewalk, greenhouse or bathhouse, playhouse, covered or uncovered patio, swimming pool, tennis court, fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, driveway, temporary or permanent living quarters or any other temporary or permanent improvement on such Lot, nor shall any exterior addition, change or alteration thereof be made, unless and until the plans and specifications showing the nature, color, type, shape, height, materials and the location of the same shall have been submitted to and approved, in writing, as to the harmony of external design, location and appearance in relation to the surrounding Structures and topography by the Architectural Control Committee. The Architectural Control Committee shall have the sole discretion to determine whether the plans and specifications submitted for approval are acceptable and in compliance with the total scheme of the Subdivision. If such plans or specifications are not approved or disapproved within thirty (30) days from the date of receipt thereof by the Architectural Control Committee, then same shall be deemed approved by default.

ARTICLE VII

MINIMUM SETBACK REQUIREMENTS

No building shall be located on any lot nearer to the front line or nearer to the side street line than the minimum set back lines shown on the recorded plat of the Subdivision. No building shall be located any closer to a side or rear property line than eight (8) feet; provided, however, a 10% variance is allowed, exclusive of open porches or attached garages. For the purposes of this covenant, eaves, steps and open porches shall not be 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.

ARTICLE VIII

SUBDIVIDING LOTS

No Lot as shown by the recorded map of the Subdivision shall be re-subdivided unless part of the subdivided Lot becomes a part of an adjacent Lot, and the remainder of the subdivided Lot is combined with or utilized by the Owner of the other Lot to which it is adjacent.

ARTICLE IX

STORMWATER MANAGEMENT

A. The following covenants in this ARTICLE are intended to ensure ongoing compliance with state stormwater management permit number SW8 060547 as issued by the Division of Water Quality under NCAC 2H.1000.

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

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

D. The covenants pertaining to stormwater listed in this Article may not be altered or rescinded without the consent of the State of North Carolina, Division of Water Quality.

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

F. The maximum built-upon area per lot ("BUA") is 6,100 square feet. This allotted

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

G. Filling in, piping or altering any 3:1 vegetative conveyances (ditches, swales, etc.) associated with the development, except for average driveways crossings, is strictly prohibited by any persons. Swales shall not be filled in, piped, or altered except as necessary to provide driveway crossings.

H. In the case of a Lot within CAMA's Area of Environmental Concern, if the built-upon area ("BUA"), as calculated by CAMA, is less than the amount shown in these restrictions, the most restrictive BUA will be the maximum permitted for that Lot. This project proposes a curb outlet system.

I. Filling in, piping or altering any designated 5:1 curb outlet swale or vegetated area associated with the development is prohibited by any person.

J. A 30 foot wide vegetated buffer must be maintained between all built upon area and the mean high water line of surface waters.

K. All roof drains shall terminate at least 30 feet from the mean high water mark of surface waters.

L. Each designated curb outlet swale or 100 foot vegetated area shown on the approved plan must be maintained at a minimum of 100 feet long, maintain 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, maintain a dense vegetated cover and be located in either a dedicated common area or a recorded drainage easement.

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

ARTICLE X

RESERVATION OF EASEMENTS AND RIGHTS BY DECLARANT

Declarant hereby reserves for itself, its successors and assigns, for any purposes it deems useful to its development of the Subdivision, the development of other property now owned, or which may be owned in the future by Declarant, or the development of other property to which Declarant may grant the benefit of such easements, those easements shown on any recorded map of the Subdivision or subsequently annexed property, and the following additional easements and rights:

a. A perpetual easement for ingress, egress, regress, access, the installation and maintenance of utilities, further subdivision, and the right to dedicate to public use, over, under and upon all streets and drainage and utility easements shown on any recorded map of the Subdivision or lying within the Subdivision and the water and sewer easements lying within the Subdivision;

b. The right to grant easements for the purposes of ingress, egress, regress, access, the installation, use and maintenance of utilities and further subdivision, over, under and upon (i) all streets shown on any recorded map of the Subdivision and (ii) the drainage and utility easements and easements for the water and sewer systems located within the Subdivision, to any property outside the Subdivision to which Declarant deems the grant of such easements desirable, whether or not the property to which the easements are granted is owned by Declarant;

c. A perpetual easement over, under and upon all streets and drainage and utility easements shown on any recorded map of the Subdivision for the purpose of establishing, constructing and maintaining any underground utility, conduits and wires for telephone, electric power and other purposes and of laying, installing and maintaining facilities for sewage, potable and non-potable water, gas, storm drainage and other utilities therein. This reservation shall not be construed as an obligation of Declarant to provide or maintain any such activity or services;

d. A perpetual access easement over, under and upon the Lots to trim, cut and remove any trees and brush necessary for the installation, operation and maintenance of utility lines, gas, water and sewer mains and other services for the convenience of the property owners and appurtenances thereto;

e. A perpetual and exclusive easement for the installation and maintenance of radio and television transmission cables within the rights-of-way and easement areas reserved and defined above.

f. The Declarant reserves for itself, its successors or assigns, an easement and right at any time in the future to grant to public utility companies easements, deemed necessary or desirable by the Declarant, its successors or assigns, in its sole discretion, for utilities along the front, side, and rear lines of all lots in the Subdivision for the construction and perpetual maintenance of conduits, pipes, poles, wires, and fixtures for electric lights, telephones, drainage, gas, water, sewer and other public and quasi-public utilities and to trim any trees which at any time may interfere or threaten to interfere with the maintenance of such services, with right of ingress to and egress from and across said premises to employees of said utilities.

g. The Declarant reserves for itself, its successors or assigns, the right to subject the real property described herein to a contract with Progress Energy or other utility company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Progress Energy or such other utility company by the owner of each Lot

h. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear ten (10) feet and side eight (8) feet of each lot. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement areas of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE XI

OWNER'S MAINTENANCE OBLIGATIONS AND RIGHT OF DECLARANT AND ASSOCIATION TO PERFORM CERTAIN MAINTENANCE.

Section 1. Owner's Maintenance Obligations. On each Lot, the rights-of-way and easement areas reserved by Declarant or dedicated to public utilities purposes shall be maintained continuously by the Lot owner and no structure, plantings or other material shall be placed or permitted to remain, or other activities undertaken which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of the flow of water through drainage channels in the easements, or which damage or interfere with established slope ratios or which create erosion problems. It is provided, however, that where the existing location of an easement or drainage channel reserved in this Declaration or shown on any recorded map of the Subdivision would hinder the orderly development of the Lot on which the easement is located, the easement or drainage channel may be relocated by Declarant. Improvements within such areas also shall be maintained by the Lot owner except for those for which a public authority or utility is responsible.

Section 2. Declarant's/Association's Rights to Maintain. In the event the owner of any Lot

Owner shall fail to maintain the Lot and/or improvements situated thereon in a manner in keeping with this Declaration, in addition to any other rights set forth herein or provided by law, the Declarant and the Association shall have the right, but not the obligation, through their agents and employees, to enter upon said Lot and clear, clean, repair, maintain and restore the Lot, the exterior of any building and any other improvements erected thereon. There is included in the authority herein

granted the power to clear Lots of undergrowth, rubbish, debris, weeds or grass. In the event the owner of any Lot shall damage or through negligent failure to act allow damage to occur to any Stormwater Management Facilities located on said owner's Lot or fail to comply with all applicable North Carolina Sedimentation and Erosion Control Permits, in addition to any other rights set forth herein or provided by law, the Declarant, and the Association shall have the right, but not the obligation, through their agents and employees, to enter upon said Lot and clear, clean, repair, maintain and restore the Stormwater Management Facilities and to bring the Lot into compliance with the applicable North Carolina Sedimentation and Erosion Control Permits. There is included in the authority herein granted the power to clear Lots of undergrowth, rubbish, debris, weeds or grass.

The costs of the maintenance or repair authorized by this Article shall be considered the legal obligation of the Lot owner. The Declarant, or the Association, as applicable, may maintain an action in court having jurisdiction for such costs, together with all collection costs, including reasonable attorney's fees, and expenses incurred in pursuing such action. The costs shall not constitute a lien on said Lot unless and until the final judgment of such court shall be entered in the office of the Clerk of Court of Onslow County. Any such lien obtained shall be subordinate to any first deed of trust.

ARTICLE XII

EASTGATE HOMEOWNERS' ASSOCIATION, INC.

a. The Eastgate Homeowners' Association, Inc. (the "Association") has been, or will be, formed at the direction of the Declarant pursuant to the rules and requirements of the Nonprofit Association Act (Chapter 55A) of the General Statutes of North Carolina as an association of the owners of the Lots. Its purposes are to oversee, inspect, maintain, repair and replace the Stormwater Management Facilities constructed pursuant to the Permit; to enforce the provisions of the Permit; to enforce each Lot owner's obligations with respect to the Stormwater Management Facilities pursuant to this Declaration; to enforce each Lot owner's obligations with respect to all applicable North Carolina Sedimentation and Erosion Control Permits; said authority to be exercised, if and only if, and when and only when, Declarant transfers the Permit to the Association. The Association shall have no authority with respect to the Lots located in the Subdivision until such time as Declarant transfers such rights to the Association.

b. The Declarant shall have the right, but not the obligation, to annex into the Subdivision additional property now, or in the future, owned by Declarant. From and after the date of such annexation, the annexed Lots shall be subject to the jurisdiction of the Association and the owners of the annexed Lots shall be members of the Association.

c. Each owner of each Lot within the Subdivision shall be a member of the Association. The Declarant, by this Declaration, and the owners of each individual Lot, by their acceptance of a deed thereto, covenant and agree with respect to the Association:

(i) that for so long as each is an owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Association; and

(ii) that any unpaid assessment, whether general or special, levied by the Association in accordance with this Declaration, the Articles of Incorporation (herein called the "Articles") or the Bylaws of the Association (herein called the "Bylaws") shall be a lien upon the Lot upon which such assessment was levied and also shall be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due.

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

e. The Association shall have one class of members. The members shall be all owners of a Lot, and they shall be entitled to one vote for each Lot owned; provided, however, when more than one person holds an interest in any Lot, all such persons shall be members;

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

f. The Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities required to be located upon the Lots and Subdivision or upon any property annexed into the Subdivision by the Declarant to the standards required by the applicable Permit. Upon completion of the construction of said Stormwater Management Facilities located in Subdivision, the Declarant shall transfer the applicable Permit to the Association and the Association shall accept the transfer of the applicable Permit from the Declarant upon the earlier to occur of (i) the date the North Carolina Department of Environment and Natural Resources allows such transfer to occur; or, (ii) the date upon which at least fifty percent (50%) of the Lots in the entire Subdivision are conveyed to owners other than Declarant. Prior to any such transfer, the Stormwater Management Facilities for the Subdivision, including any property annexed by Declarant into the Subdivision, shall be certified, either by state inspection or by a licensed engineer, as being in compliance with the applicable Permit prior to such assignment or transfer. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant in the defense of any action against Declarant as the holder of the Permit occurring after Declarant tenders transfer of the Permit to the Association following the approval of such transfer by the North Carolina Department of Environment and Natural Resources and the certification of compliance as set forth above. Further, Declarant may bring an action for specific performance of the obligations of the Association pursuant to this paragraph. From and after the transfer of the Permit from the Declarant following the approval of the North Carolina Department of Environment and Natural Resources, the oversight, supervision, management and administration of the Permit shall be the sole responsibility of the Association. The Association's duties with regard to the Permit shall be carried out in accordance with the terms and conditions of this Declaration, the Articles, the Bylaws and the Permit. The Association hereby is granted and conveyed an easement over, under and upon each Lot and future lots in the Subdivision for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each Lot and any future subdivided lot. In the event, the Declarant annexes additional property into the Subdivision and transfers the applicable Permit to the Association, the Association shall have, and hereby is granted and conveyed, an easement over, under and upon each annexed Lot for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each annexed lot.

g. The expenses of the Association shall include:

(i) All amounts expended by the Association in holding and being responsible for the obligations of the Permit and overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities located within the Subdivision as required by this Declaration; all amounts expended by the Association in enforcing the provisions of this Declaration, as may be amended; all amounts expended by the Association in the performance of its duties hereunder from and after the time Declarant transfers the Permit; and all amounts expended by the Association in legal, engineering or architectural fees and all similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by this Declaration.

(ii) All amounts expended by the Association in carrying out any duty or obligation as may be required or allowed by this Declaration, the Articles or the Bylaws.

(iii) All amounts expended by the Association in operating, administering, managing, repairing, replacing, improving, paying all taxes imposed on and insuring the improvements, including landscaping, situated in any Sign Easement area.

h. Each owner of any Lot by acceptance of a deed for the same (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to pay to the Association annual general assessments or charges as hereinafter provided. The annual general assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the limitations set forth herein, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the

owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot unless expressly assumed by them, but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

(i) Until January 1, 2009, the annual general assessment shall not exceed the sum of Fifty Dollars (\$50.00) per Lot. The Declarant, in its sole discretion, shall determine when and whether to assess owners for the annual general assessment during the year 2008.

(ii) From and after January 1, 2009, the annual general assessment may be increased upon the vote of a majority of the Board of Directors of the Association by no more than fifteen percent (15%) of the annual general assessment for the preceding year.

(iii) Any increase of the annual general assessment exceeding fifteen percent (15%) of the annual general assessment for the preceding year must be approved by the owners of at least two-thirds (2/3) of the Lots who are voting in person or by proxy at a meeting called for this purpose.

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

(v) As provided in the Bylaws, and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each fiscal year. Such budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Stormwater Management Facilities, the North Carolina Sedimentation and Erosion Control Permits, any entrance sign situated in any Sign Easement area and the Association, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. Upon adoption of such Annual Budget by the Board of Directors, copies of the Budget shall be delivered to each owner together with a statement of the assessment for each Lot as provided herein, based upon such budget; however, the non-delivery of a copy of said Budget shall not affect the liability of any owner for such assessment. The Annual Budget shall be divided by the number of Lots subject to the annual general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot for the succeeding fiscal year.

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

(vii) Written notice of any meeting called for the purpose of taking any action requiring a meeting shall be sent to all members not less than thirty (30) days, or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast thirty percent (30%) of the votes of all members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same

notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

i. Annual general assessments and special assessments shall, except as otherwise provided herein, be fixed at a uniform rate for all Lots.

j. The annual general assessments provided for herein shall commence as to each Lot, other than any Lot owned by the Declarant upon which no residential dwelling has been constructed, on the date of recordation of the deed for such Lot in the office of the Register of Deeds of Onslow County and shall be prorated on a calendar year basis through the date of such recordation. The annual general assessments shall be assessed for each calendar year thereafter and shall be payable annually, with the due date for such payments being as established by the Board of Directors.

k. The annual general assessment levied by the Association shall be used exclusively to oversee, inspect, maintain and repair the Stormwater Management Facilities and Sign Easement areas; to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit, the applicable North Carolina Sedimentation and Erosion Control Permit; to pay the expenses of the Association from and after the time, if ever, Declarant transfers the Permit to the Association. The Association's sole function is to oversee, inspect, maintain and repair the Stormwater Management Facilities and Sign Easement areas; to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit, the applicable North Carolina Sedimentation and Erosion Control Permits. The powers of the Association may not be expanded beyond those purposes. Nothing herein relieves the owner of a Lot from said owner's obligation to maintain the areas upon said owner's Lot upon which the Stormwater Management Facilities are located as provided herein and not to damage or allow damage to occur to said Stormwater Management Facilities and to comply with the provisions of all applicable North Carolina Sedimentation and Erosion Control Permits.

l. 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.

m. General special assessments and specific special assessments may be levied against Lots for such reasons as are provided in this Declaration, the Articles or the Bylaws, and on such terms as provided by the directors and the members. Upon a two-thirds (2/3) vote of the Directors and a two-thirds (2/3) vote of the owners of Lots who are voting in person or by proxy at a meeting duly called for this purpose, the Association may levy and impose special assessments. The purposes for which special assessments may be levied are limited to providing funds to pay for the oversight, inspection, maintenance and repair of the Stormwater Management Facilities and Sign & Utility Easement, to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit and all applicable North Carolina Sedimentation and Erosion Control Permits which exceed the general assessment funds then on hand to pay same and to provide a contingency fund for capital improvements and extraordinary expenses. General special assessments shall be levied at a uniform rate for all Lots. Specific special assessments may be assessed against the owner of a Lot after written notice has been given by the Association to the owner of said Lot at the address of the owner appearing upon the records of the Association by United States mail, postage prepaid, that the Stormwater Management Facilities located on said Lot have been damaged by the act or negligent failure to act of said owner or that said owner has failed to comply with all applicable North Carolina Sedimentation and Erosion Control Permits and that, as a result, such Stormwater Management Facilities are in need of repair or replacement in order to comply with the Permit or actions must be taken in order to comply with the applicable North Carolina Sedimentation and Erosion Control Permits and the owner of said Lot has not taken the necessary action to bring the Stormwater Management Facilities located on said owner's Lot into compliance with the Permit or to comply with the provisions of all applicable North Carolina

Sedimentation and Erosion Control Permits within thirty (30) days after the mailing of said notice. If said owner commences the necessary action to repair or replace the Stormwater Management Facilities located on said owner's Lot and to bring the Stormwater Management Facilities into compliance with the Permit or to bring the Lot into compliance with the applicable North Carolina Sedimentation and Erosion Control Permits within the thirty (30) day period set forth above, the imposition of a specific special assessment shall be deferred by the Association for the period during which said owner diligently pursues to completion the repair or replacement of the Stormwater Management Facilities located on said Lot or compliance with the applicable North Carolina Sedimentation and Erosion Control Permits. Specific special assessments shall be limited to the amount of funds actually expended, or in the discretion of the Board of Directors, the amount of funds reasonably estimated by the Board of Directors will be expended, by the Association to repair or replace the Stormwater Management Facilities located upon the Lot or to comply with the applicable North Carolina Sedimentation and Erosion Control Permit applicable to the Lot upon which the specific special assessment is assessed. Special assessments, either general or specific, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions set forth in this Declaration, shall be a continuing lien upon the Lot against which each such assessment is made. The personal obligation of an owner of a Lot for delinquent special assessments, whether general or specific, shall not pass to a successor in title to a Lot unless expressly assumed by the successor, but, subject to the provisions of this Declaration, delinquent special assessments shall continue to be a lien upon such Lot.

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

o. In the event the Articles of Incorporation and/or Bylaws of the Association are amended to expand the rights and duties of the Association, those amendments shall have no effect on the Lots or the Subdivision unless, by recorded amendment to this Declaration, joined in by Declarant.

ARTICLE XIII

FENCES

No fence over a height of five (5) feet, with an additional decorative 12 inch ornament allowable, shall be constructed between a line extending from the rear of primary dwelling to each side lot line and the rear property line. No fence shall be erected between a line extending from the rear of the primary dwelling to each side lot line and the street right of way, provided however, a decorative fence of complimentary architectural design not exceeding a height of one (1) foot may be located nearer to the front property line than described above. On lots abutting more than one street, there shall be no fences located nearer any street right of way than the most distant portion of the wall of the dwelling facing that street right of way. No welded or webbed wire fence shall be allowed unless the exterior of any such fence shall be concealed by decorative wood or shrubbery.

No fence, wall, hedge or shrub planting which obstructs sight distance lines at elevations between two and six feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area as shown by the typical sight distance at the street intersections as shown on the recorded plat. Nothing shall be permitted to remain within such distances of such

intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE XIV

MISCELLANEOUS RESTRICTIONS

Section 1. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No junk cars, that is cars not in use, or any other kind of trash shall be allowed to accumulate or remain on The Properties. No boats, trailers, motor homes or campers shall remain parked between the dwelling and any adjoining street. No animals, livestock or poultry of any kind shall be raised or kept on any lot except dogs, cats or other household pets, provided that they shall not be so maintained for any commercial purpose.

Section 2. Trash and Garbage. Trash, garbage or any other waste material shall be kept in sanitary containers. Equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All fuel tanks shall be adequately concealed from the road(s). All Structures intended for occupancy must be equipped with inside plumbing facilities. All sanitary plumbing, septic tanks, wells, and disposal of waste, shall conform with the minimum requirements of and be approved by the Health Department of Onslow County, North Carolina.

Section 3. Mailboxes. Mailboxes shall be located no nearer to the paved portion of the public road abutting each lot than 12 inches. Mailboxes shall also be of a type, size, and design as that which is originally approved by the developer. No brick mailboxes shall be permitted.

Section 4. No Temporary Structures. No Structure of a temporary character, trailer, tent, shack, garage, barn or other outbuilding shall be occupied or stored on any residential lot or abutting street, either temporarily or permanently.

Section 5. Accessory Buildings / Outbuildings. Accessory buildings and outbuildings shall be built only on permanent foundations. No temporary buildings of any kind are allowed. If outbuildings are built with a crawl space that space shall be concealed with underpinning attached to the building. Outbuildings shall comply with all governmental agency specifications.

Section 6. Signs. No sign of any kind or advertising device shall be displayed to the public view on any lot except one sign of not more than one (1) foot square with name and address of owner, other than a "for sale" sign by the owner or his agent of not more than three (3) square feet.

Section 7. Driveways/Culverts. Driveway culverts or any culverts adjoining the public road which provide for drainage of runoff water shall be made of reinforced concrete pipe.

Section 8. Satellite Dishes. Any radio or television satellite receiving dish shall be located in the rear of or attached to the dwelling on any lot and no closer than 30 feet to the property line. No dish shall exceed 24 inches in diameter

Section 9. Miscellaneous Restrictions Purpose. The purpose of the foregoing Miscellaneous Restrictions is to insure the use of the properties for attractive residential uses, to prevent nuisances, to prevent impairment of the attractiveness of the property, to maintain the desirability of the community and thereby secure to each owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

ARTICLE XV

PROVISIONS RELATING TO WETLANDS

All of the properties subject to these Covenants and Restrictions shall also be subject to the following Special Provisions Relating to Wetlands. In developing the subject real property, the Declarant has agreed with the Department of the Army Corps of Engineers (pursuant to a permit issued by the Corps of Engineers) to restrict and prohibit any future filling or other detrimental activities in the wetland areas, which presently exist within the identified areas of the property. Accordingly, all wetlands shown and delineated on the recorded map of the subdivision set forth in

Article II hereof, shall be maintained in perpetuity in their natural or mitigated condition. No person or entity shall perform any of the following activities on such conservation area: (a) fill, grade, excavate or perform any other land disturbing activities; (b) cut, mow, burn, remove or harm any vegetation; (c) construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers or any other permanent or temporary structures, (d) drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area; (e) dump or store soil, trash, or other waste; (f) allow animal grazing or watering or use for any other agricultural or horticultural purpose on such conservation areas. This covenant is intended to ensure continued compliance with the mitigation condition of authorization issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, 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 Declarant, the owner of any lot in the subdivision and all persons or entities claiming under them.

This Article IV cannot be amended or modified without the express written consent of the U.S. Army Corps of Engineers, Wilmington District, or its authorized successor.

ARTICLE XVI

COMPLIANCE WITH DEPARTMENT OF TRANSPORTATION TRAFFIC MAINTENANCE STANDARDS

Driveway headwalls, fences, mailboxes, newspaper delivery boxes or other roadside obstructions, constructed within the right of way of any street as shown on the recorded plat of the subdivision in a location or out of materials determined to be a traffic safety hazard by the North Carolina Department of Transportation or the Declarant, shall not be permitted. It shall be the duty of the Owner of any Lot to remove such obstruction, at the Owner's sole expense, within thirty (30) days following written notification of such objection by the North Carolina Department of Transportation or Declarant. In the event any Owner fails to remove an obstruction within the thirty (30) day period following receipt of notice of the objection, Declarant shall be entitled, but not obligated, to remove the obstruction and recover the expense and cost, including reasonable attorney's fees, incurred in the removal.

ARTICLE XVII

GENERAL PROVISIONS

Section 1. Amendments/Modifications. The covenants and restrictions of this Declaration, are subject to being altered, modified, cancelled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by the Declarant or its successors in title and by the owners of not less than sixty percent (60%) of the subdivided lots or parts of said subdivision to which these restrictions apply, as recorded in the Office of the Register of Deeds of Onslow County, North Carolina. If the Declarant owns sixty percent (60%) or more of the subdivided lots, the Declarant may alter or amend these covenants without consent of anyone.

Section 2. Term. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Declarant, or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the then owners of sixty percent (60%) of the subdivided lots has been recorded, agreeing to change said Covenants and Restrictions in whole or in part.

Section 3. Notices. Any notice required to be sent to any owner under the provision of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as an owner on the records of the Declarant at the time of such mailing.

Section 4. Remedies and Enforcement. In the case of failure of a Lot owner to comply with the terms and provisions contained in this Declaration, the Articles or the Bylaws of the Association, the following relief shall be available:

a. The Declarant (whether or not the Declarant is the owner of any Lot), the Association, any Lot owner and any party to whose benefit this Declaration inures, including but not limited to the State of North Carolina or its assignees with respect to the Permit, may proceed at law and in equity to prevent the violation or attempted violation of any term, covenant or provision of this Declaration, the Articles and Bylaws either to restrain violation or to recover damages for such violation and the court in any such action may award the successful party said party's reasonable expenses and costs in prosecuting such action, including reasonable attorney's fees.

b. The remedies hereby specified are cumulative and this specification of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law, in equity or under any statute. No delay or failure on the part of the Association, the Declarant or an aggrieved party to invoke an available remedy with respect to a violation of any of this Declaration, the Articles and Bylaws shall be held to be a waiver by that party of (or an estoppel of that party to assert) any right available to that party upon the reoccurrence or continuation of said violation or the occurrence of a different violation.

Section 5. Invalidation. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

IN TESTIMONY WHEREOF, Declarant, has executed this instrument the day and year first above written.

EASTGATE, INC., a North Carolina corporation

By: Betty Bullock
Betty Bullock
President

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

The undersigned, a notary public of the county and state aforesaid, does hereby certify that Betty Bullock, known to me or having provided satisfactory proof of her identity, personally came before me this day and acknowledged that she is President of EASTGATE, INC., a North Carolina Corporation, and that, by authority duly given and as the act of the Corporation, she signed the foregoing instrument in its name on its behalf as the act and deed of the corporation in the capacity indicated.

Witness my hand and official seal this the 26th day of December, 2007.

J. Dewey Edwards, Jr.
Notary Public

My commission expires:

July 9, 2011

