

BOOK 1962 PAGE 599

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NORTH CAROLINA:

ONslow COUNTY:

**DECLARATION OF RESTRICTIVE COVENANTS
SCOTCH BONNET OCEANSIDE**

THIS DECLARATION, made this 28th day of January, 2003, by SCOTCH
BONNET ENTERPRISES, INC., a North Carolina corporation, hereinafter referred to as
"Declarant".

WITNESSETH:

THAT WHEREAS, Declarant is the owner of that certain real property lying and being in
Stump Sound Township, Onslow County, North Carolina, and being more particularly described
as follows:

Being all of those lots designated Lot 1 through Lot 9, inclusive, as shown on that
plat entitled "Final Plat of Scotch Bonnet Oceanside", prepared by Charles F. Riggs &
Associates, Inc., which plat is recorded in Map Book 44, Page 30, Slide
K-1697, in the Office of the Register of Deeds of Onslow County, North Carolina.

THAT WHEREAS, Declarant desires to impose and subject said described property to
certain standards and conditions to insure Declarant and subsequent owners of said property that

BOOK 1962 PAGE 600

the same shall be used for the purposes hereinafter set out and to prevent use which might tend to diminish the value of said property or any part thereof.

NOW, THEREFORE, it is hereby declared that the real property hereinabove described is now and shall forever hereafter be held, sold, transferred, and conveyed subject to the following covenants:

1. LAND USE: No lot shall be used except for residential purposes, and no structure shall be erected on such lot other than one detached stick-built single-family dwelling, not to exceed two stories in height. No lot shall be used for commercial purposes, provided, however, that leasing and renting of residences shall be allowed.

2. QUALITY AND SIZE: The heated floor area of any residence shall not be less than 1800 square feet. Building plans must be approved by an architectural committee selected by the Declarant prior to commencing of any construction. All construction must be in accordance with building codes of North Topsail Beach, Onslow County, and the state of North Carolina. No structure shall be moved onto any lot and no shell homes shall be erected or located on any lot, regardless of cost. The term "shell home" shall mean the construction of outside walls, including doors, windows, roof, and foundation, by a contractor or other party with the interior areas not being completed or to be completed by the owner or some other persons.

3. MINIMUM BUILDING LINES: No dwelling shall be erected nearer than 80 feet from the front lot line, 8 feet from the side line, nor 60 feet from the rear lot line or first line of vegetation as determined by the Coastal Area Management Agency (CAMA) representative.

4. OUTBUILDINGS AND DRIVEWAYS: No outbuilding may be erected on any lot either temporary or permanent. No temporary structures of any kind may be used as a

BOOK 1962 PAGE 601

temporary residence. No outside toilet facilities may be constructed or utilized. Outside showers must be constructed in accordance with generally recognized good standards for health and meet local and state regulations. Septic tank installations must meet all appropriate governmental regulations. All driveways must be improved by hard surface or gravel.

5. EASEMENTS FOR UTILITIES: Easements for all utility purposes, including installation and maintenance, together with full rights of access are expressly reserved to Declarant, its successors and assigns. All dwelling connections for utilities, including, but not limited to, water, electricity, telephone and television shall be placed underground from the proper connection points to the dwelling structure in such a manner as may be acceptable to the appropriate utility authority.

6. NUISANCES: No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No trash, ashes, garbage or other refuse shall be dumped, stored or accumulated on any lot. No stripped, partially wrecked or junked motor vehicles or parts thereof, shall be permitted to be parked or kept on any lot. All motor vehicles of any type kept on any lot shall have current registrations and inspection certificates.

7. FENCES: No fence shall be erected on any lot to a height of more than 4 feet. No fence of any type shall be erected so as to unreasonably deprive adjoining owners of light or air, provided, however, owners of Lot 1 and Lot 9 may erect privacy fences on their lots separating said lots from the public access easement depicted on the recorded plat.

8. SUBDIVISION OF LOTS: No lot shall be re-subdivided without the prior written consent of Declarant, its successors or assigns.

BOOK 1962 PAGE 602

9. SIGNS: no signs, billboards, or other advertising structures of any kind may be erected or maintained on any lot, provided, however, construction identification signs approved by Declarant showing the Lot number and name of the builder may be exhibited on the lot during the period of construction.

10. REBUILDING: Any dwelling or improvement of any lot which is destroyed in whole or in part by fire or other casualty must be rebuilt or all debris removed and the lot restored to a sightly condition with reasonable promptness, provided, however, that in no event shall such debris remain on such lot longer than three months.

11. LIVESTOCK AND POULTRY: No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats, or other household pets in a reasonable number may be kept provided they are not kept, bred, or maintained for any commercial purpose and provided further, that such pets do not constitute a danger or nuisance to other lot owners or to the neighborhood.

12. HOMEOWNERS ASSOCIATION: All owners of lots in Scotch Bonnet Oceanside shall constitute the Scotch Bonnet Oceanside Homeowners Association, to be formed for the specific purposes of owning, managing, maintaining, repairing and replacing all of the commonly held and owned property of Scotch Bonnet Oceanside as shown on the official map thereof. As part of the lot purchase agreement, each lot owner agrees to subject their lot to the provisions of this document, specifically including the provisions providing for the payment of regular and special assessments to the Association to meet the common expenses of the Association and the provisions creating a lien against an owner's lot to secure the payment of all such assessments.

BOOK 1962 PAGE 603

13. COMMON AREA IMPROVEMENTS: Scotch Bonnet Enterprise does hereby agree to warrant the workmanship and construction of all of the improvements made by Scotch Bonnet Enterprise to the common areas of the development for a period not to exceed two (2) years, commencing on the date the improvements are conveyed to the homeowners association by deed; it being the intention hereof that all improvements and amenities contemplated herein shall be constructed in accordance with all ordinances, rules and regulations applicable thereto.

14. ENFORCEMENT: Enforcement of these restrictive covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any such covenant, either to restrain violation or to recover any damages suffered as a result of said violation; said enforcement may be at the initiative of either the Scotch Bonnet Oceanside Homeowners Association, acting through its duly elected officers, or by any owner of any lot in Scotch Bonnet Oceanside.

IN WITNESS WHEREOF, said Declarant has executed this instrument as of the day and year first above written.

SCOTCH BONNET ENTERPRISES, INC.

By: 
R. W. Gilbert, Secretary

NORTH CAROLINA:

ONSLAW COUNTY:

I, a Notary Public for the County and State aforesaid, do hereby certify that

R. W. GILBERT personally came before me this day and acknowledged that he is

BOOK 1962 PAGE 604

the Secretary of SCOTCH BONNET ENTERPRISES, INC., a North Carolina corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and notarial stamp or seal, this the 28th day of January, 2003.



Faye Funari Rhodes
 Notary Public
 My Commission Expires: 05/25/04

NORTH CAROLINA, ONSLOW COUNTY: Faye Funari Rhodes
 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 1962 Page 599 This 28 day of January 2003 A.D., at 2:36 o'clock P. M.
Michael M. Thomas By _____
 Register of Deeds, Onslow County Register of Deeds

BOOK 2015 PAGE 520

2003 MAY -1 PM 2:50

#20
Charles
Riggs

NORTH CAROLINA
ONSLow COUNTY

AMENDMENT TO THE DECLARATION OF RESTRICTIVE COVENANTS

SCOTCH BONNET OCEANSIDE

THIS DECLARATION, made this 29th day of APRIL, 2003, by SCOTCH BONNET ENTERPRISES, INC., a North Carolina corporation and H & M Farms, LLC, hereinafter referred to as "Declarant".

WITNESSETH:

THAT WHEREAS, Declarant is the owner of that certain real property lying and being in Stump Sound Township, Onslow County, North Carolina, and being more particularly described as follows:

Being all of those lots designated Lot 1 through Lot 9, inclusive, as shown on that Plat entitled "Final Plat of Scotch Bonnet Oceanside", prepared by Charles F. Riggs & Associates, Inc., which plat is recorded in Map Book 44, Page 30, Slide K-1697, in the Office of the Register of Deeds of Onslow County, North Carolina.

THAT WHEREAS, Declarant desires to impose and subject said described property to certain standards and conditions to insure Declarant and subsequent owners of said property that the same shall be used for the purposes hereinafter set out and to prevent use which might tend to diminish the value of said property or any part thereof.

NOW, THEREFORE, it is hereby declared that the real property hereinabove described is now and shall forever hereafter be held, sold, transferred, and conveyed subject to the following covenants:

The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8 020836, 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 be binding on 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.

BOOK 2015 PAGE 521

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

The maximum allowable built-upon area per lot is 4,902 square feet. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, and coquina, but does not include raised, open wood decking, or the water surface of swimming pools.

Filling in or piping of any vegative 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 drains shall terminate at least 30' from the mean high water mark of surface waters.

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

IN WITNESS WHEREOF, said Declarant has executed this instrument as of the day and year first above written.

SCOTCH BONNET ENTERPRISES, INC.

By: *R. W. Gilbert*
R. W. Gilbert, Secretary

H & M Farms, LLC

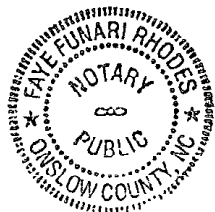
By: *Roy K. Heath*
Roy K. Heath, President

NORTH CAROLINA

ONSLOW COUNTY:

I, a Notary Public of the County and State aforesaid, do hereby certify that

R. W. GILBERT, personally came before me this day and acknowledged that he is the Secretary of SCOTCH BONNET ENTERPRISES, INC., a North Carolina corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and notarial stamp or seal, this the 1st day of May, 2003.



Faye Funari Rhodes
Notary Public
My Commission Expires: 05-25-04

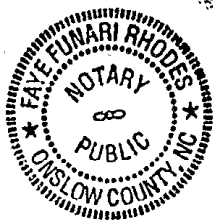
BOOK 2015 PAGE 522

NORTH CAROLINA

ONslow COUNTY:

I, a Notary Public of the County and State aforesaid, do hereby certify that

Roy K. Heath, personally came before me this day and acknowledged that he is the President of H & M Farms, LLC, a North Carolina corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and notarial stamp or seal, this the 27th day of April, 2003.



Faye Funari Rhodes
Notary Public
My Commission Expires: 05-25-04

NORTH CAROLINA, Onslow County
The foregoing certificate(s) of

Faye Funari Rhodes

Notary(ies) Public is (are) certified to be correct. This instrument was presented for registration and recorded in this office in
Book 2015 Page 520 This 1st day of May
2003 A.D. at 2:50 o'clock P. M.
Mildred M. Thomas By _____
Register of Deeds, Onslow County Register of Deeds

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77.00
env.



Doc ID: 000451220022 Type: CRP
Recorded: 02/04/2005 at 01:28:30 PM
Fee Amt: \$77.00 Page 1 of 22
Onslow County, NC
Mildred M Thomas Register of Deeds

BK 2389 PG 471-492

Prepared by & Return to: Jennifer S. Andrews Law Offices, PLLC
P. O. Box 250
Siler City, NC 27344

File No. 05CB001

Index in the Grantor Index:
SCOTCH BONNET SOUND SIDE SUBDIVISION
DEACON REAL ESTATE INVESTMENTS, LLC
SCOTCH BONNET SOUND SIDE PROPERTY OWNERS ASSOCIATION, INC.

NORTH CAROLINA
ONSLOW COUNTY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
SCOTCH BONNET SOUND SIDE SUBDIVISION

THIS **DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS**, made this the 2 day of February, 2005, by **DEACON REAL ESTATE INVESTMENTS, LLC**, hereinafter called "Declarant", and **SCOTCH BONNET SOUND SIDE PROPERTY OWNERS ASSOCIATION, INC.** a non-profit community services association with an Architectural Control Committee having powers as described herein;

WITNESSETH:

THAT WHEREAS, the Declarant is the owner of the real property described in Paragraph 1 of this Declaration and is desirous of subjecting said real property to the protective covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof.

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

NOW, THEREFORE, Declarant hereby declares that the real property subject to this agreement is and shall be held, transferred, sold and conveyed subject to the protective covenants set forth below:

1. DESCRIPTION OF REAL PROPERTY:

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

Exhibit "A" attached hereto and incorporated herein by reference.

2. DEFINITIONS:

Section 1: "*Association*" shall mean and refer to Scotch Bonnet Soundside Property Owners Association, Inc., 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 Properties, 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 hereinafter described, and such additions thereto as hereafter be brought within the jurisdiction of the Association, and specifically includes all of that subdivision known generally as Scotch Bonnet Soundside, Onslow County, North Carolina.

Section 4: "*Common Area*" shall mean all real property owned by the Association for the common use and enjoyment of the owners, and specifically shall mean any storm water control or disposal improvements, piers, walkways, recreational areas, pools in recreational areas, streets, if any, which may be constructed.

Section 5: "*Lot*" shall mean and refer to any plot of land or condominium unit as defined in N.C.G.S. 47C-1-103, shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and includes any improvements thereon, if any.

Section 6: "*Declarant*" shall mean and refer to **DEACON REAL ESTATE INVESTMENTS, LLC**, its successors and assigns, if such successors or assigns should acquire all remaining undeveloped Lots from the Declarant for the purpose of development in the ordinary course of business, or as evidenced by an assignment instrument recorded by Declarant in the public records of Onslow County, North Carolina.

Section 7: "*Project Property or Area*" shall mean all of the real property made subject to this Declaration, including such other portions of the Development Area as may from time to time be submitted to and added to the Project Area by amendment of this Declaration.

Section 8: "*Development Area*" includes all that property all of part of which by this Declaration or by Amendment to this Declaration may be submitted to and made subject to the terms of this Declaration by designation as "*Project Area*."

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

Section 10: "*Living Unit*" or "*Unit*" shall mean and refer to any portion of a structure situated upon the Properties designed and intended for use and occupancy as a residence by a single family, including without limitation detached single family homes.

2.1 EXPANSION OF PROPERTIES INTO DEVELOPMENT AREA:

The Declarant, for itself and its successors and assigns, hereby expressly reserves the right, but shall in no way be obligated to expand the properties which are subject to this Declaration without the consent or joinder of the Owners of Lots or persons or entities having a lien or security interest in such Lots by adding from time to time all or any portion of tracts of land the Declarant may identify and add to the development by amendment hereto which Declarant in its sole discretion may determine.

An amendment to this Declaration shall be made and recorded in the Office of the Register of Deeds of Onslow County, North Carolina, to include each portion of the real property which is to be included within this Declaration, and each such portion of the real property shall constitute an addition to the Properties. The right of the Declarant, or its successors and assigns, to expand the Properties as herein provided shall expire ten (10) years from the recording of this instrument, or upon the sale to consumers of all of the properties described in Exhibit "A", whichever occurs first.

2.2 SUPPLEMENTAL DECLARATIONS:

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

3. GENERAL RESTRICTIONS FOR ALL SECTIONS:

Section 1. Residential Use: No structure shall be erected, altered, placed or permitted to remain on any Lot other than a single, one family dwelling not to exceed three stories in height, (which may include separate living quarters for one or more members of the owners' family or relative), a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. Each dwelling shall contain a minimum of 2000 heated square feet.

Section 1.1. Built Upon Area: The built upon area for each Lot shall be limited as shown on the recorded plat. "Built upon area" shall mean that portion of the Lot which is covered by impervious or partially pervious cover including right of way, buildings, pavement, walkways or patios of brick, stone or slate, but not including wood decking. This requirement as to built upon area shall not be waivable. This requirement shall not, however, apply to the "amenity area or site" common area.

Attached hereto as Exhibit B are additional restrictions regarding built upon area which are required by the State of North Carolina Division of Water Quality and are intended to insure ongoing compliance with Stormwater Management Permit(s) for this project as issued by the NCDWQ.

Section 1.2. *Compliance with Wetlands Regulations:* It shall be the responsibility of each owner, prior to alteration of any Lot, to determine if any Lot shall have been determined to meet the requirements for designation as a regulatory wetland. Any subsequent fill or alteration of this wetland shall conform to the requirements of state wetland rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this deed restriction is to prevent additional wetland fill, so the property Owner should not assume that a future application for fill will be approved. The property Owner shall report the name of the subdivision, in any application pertaining to wetland rules. This covenant is intended to insure the continued compliance with wetland rules adopted by the State of North Carolina therefore benefits may be enforced by the State of North Carolina. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

Section 2. *Prohibited Structure:* No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently. No trailer, mobile home, camper or like vehicle shall be allowed on the property at any time, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly or which is designed to be disassembled and relocated shall be allowed. It is specifically the intention and purpose of this covenant to prohibit the location of mobile homes, trailers, relocatable houses, or similar type structures on the property. Modular construction shall be permitted providing that it is a full floor joist system not supported by chassis or steel frame. Fabrication shall not be limited to the building lot. This covenant shall not be construed as prohibiting the use of such a structure as a sales/rental model or office or construction site facility.

Section 3. *Building Location:* No building, residence, garage or other permitted accessory building shall be located on any Lot nearer any Lot boundary line than as shown on the recorded plat designating the Lots in the subdivision. For the purpose of this covenant, eaves, steps, open porches, and carports shall not be considered as a part of a building provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot. An error of not more than 10 percent in the location of a building on the Lot with respect to the minimum set back lines shall not be considered a violation of this covenant.

Section 3.1. *Construction Time and Activity:* No construction of any kind, including but not limited to, the clearing or grading of any Lot, or the building of any wall, fence, landscaping, berm or hedge which acts as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvement of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee, as provided in *Article 6* hereof.

Once construction of a dwelling or other improvements are started on any Lot, the improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement. Construction activity shall be confined within the boundaries of each Lot.

Each owner shall be responsible for any damage done to any streets, roadways, access ways, common areas, or property of other Owners within the subdivision which may be caused by any owner, his agents, employees, guests, licensees or invitees, during construction and at any other time.

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

Section 3.2. Construction Debris: During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the Lot must be cleaned of excess debris at least once per week. Each lot owner shall be obligated to collect and dispose of all rubbish and trash resulting from construction on the lot owner's Lot.

Section 3.3. Limitation on Building Materials: No dwelling or other improvement shall be constructed which shall have an exterior of concrete blocks, asbestos or asphalt siding. Materials used and construction techniques employed shall be primarily those that are typical to beach and resort settings. Low-maintenance materials are encouraged. Roof colors and textures and exterior wall materials should be compatible with the setting and reflective of a beach and resort setting. Siding shall consist of brick, cedar shakes, horizontal cementitious siding, wood or wood-polymer or approved vinyl.

Roof material may be standing seam metal, cementitious tile, simulated slate, or classic composite shingle, "dimensional" asphalt or fiberglass shingle similar in style to cedar shake construction. Colors that are compatible with the elevations and surroundings should be used. Roof vents and accessories should be located on the part of the roof unseen from the right-of-way, and must be painted to match the roof color. Gutters shall match the fascia trim color or they shall be seamless aluminum or copper. Down spouts shall match the exterior wall trim. Flue pipes shall be cased in a chimney enclosure that matches exterior materials. All dwellings shall be constructed of material of good grade, quality and appearance and all construction shall be performed in a good workmanlike manner and quality. Any permitted outbuilding shall be of the same material, quality, general appearance and workmanship as the dwelling.

Outdoor, uncovered living areas should be constructed with materials and colors that are compatible with the exterior materials and detailing of the house. Railings should be consistent with the architectural character of the house. Patio and terrace surfacing materials should be concrete, stone, or pavers, wood or wood-polymer or plastic manufactured to appear as a wood replacement.

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

Section 5. Animals: No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that household pets may be kept provided they are not kept for breeding or commercial purposes. Any such household pet shall not be allowed off the Lot of the Owner of said pet unless said pet is attended and on a leash. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot. Pet pens, dog runs, and "boxes", if allowed, must be approved by the Association prior to construction or placement and must be screened from adjacent rights-of-way and lots.

Section 6. Garbage and Refuse Disposal: No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be burned or disposed of on any Lot and shall be kept in sanitary containers approved by the Architectural Control Committee. All equipment for the storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the Architectural Control Committee, and, in any event, shall be kept in an enclosed area not subject to view from any person, from any direction. The Declarant and Association reserves the right for itself, its successors and assigns, to contract for garbage collection services for each lot in the subdivision and the lot owner shall be responsible for the payment of such garbage services to the company providing the same, or the Association may make such a common expense or expense to a particular owner.

Every owner shall well maintain his lot. No accumulation of rubbish or debris shall be permitted. The Association shall have the authority to clear any such lot of underbrush and separately assess the cost to the owner of the lot cleared. The Association shall have the right to assess any owner for such work and such charge shall be an assessment against the owner and the lot and shall be subject to collection as any other regular assessment.

Section 7. Exterior Lights: All light bulbs or other lights installed in any fixture located on the exterior of any dwelling, building or other structure located on any Lot shall be clear or white lights or bulbs. No mercury vapor or similar wide area lighting similar to street lights shall be allowed without prior Architectural Control Committee approval.

Section 8. Sight Distance at Intersections: No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten feet (10') from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9. Mailboxes: No mailboxes shall be constructed by the Declarant. The Association shall have the authority to install mailboxes in the common area or to approve the installation of mailboxes on each lot for the use of owners. By accepting a deed to any subject property, owner gives the Architectural Control Committee the right to remove any non-approved mailbox in a reasonable manner; all costs for same shall be paid by owner and all damages against the Architectural Control Committee are waived.

Section 10. Signs: No sign, billboard, or other advertising of any kind, including without limitation professionally prepared "for sale" and "for rent" signs, shall be placed or erected on any Lot, right of way or Common Area until after January 1, 2006. Thereafter, a professionally prepared "for sale" or "for rent"

sign not to exceed four (4) square feet in size may be placed on a Lot. Although approval by the Architectural Control Committee is not required prior to the display of such signs, the Architectural Control Committee may itself remove, have removed, or require the removal of any such sign which in its opinion would not otherwise be allowed under Article 6 of this Declaration. A valid easement shall exist on any Lot for such removal by the Architectural Control Committee or its agents. Provided, however, nothing shall prohibit or limit in any manner "construction" signs designating the job site and builder which may be placed upon a Lot during the period of the construction of a residential dwelling on the Lot but must be immediately removed upon final completion of such construction. Notwithstanding the above, any additions to the Project Property in the Development area may be further limited in regard to signs, billboards or advertising as set out in any Supplemental Declaration. Nothing herein shall prohibit any sign erected by the Declarant or its assigns.

Section 11. Antennae: To the extent such requiring of an approval is not prohibited by applicable law, there shall be no exterior antennae of any kind for receiving and/or sending of T.V., radio or other signals located or installed on any Lot unless same has first been approved by the Architectural Control Committee.

Section 12. Driveways/Parking: All driveways constructed on any Lot shall be paved with either concrete, stamped concrete, colored concrete in earth tone colors, pea gravel concrete, oyster shell concrete, brick pavers or grass block paving system, and must comply with North Topsail impervious surface regulations. An Owner shall provide a minimum of two (2) paved off-street parking spaces, which may include garage space(s) and shall provide at least one per automobile or other vehicle owned and regularly used at the Lot. On street parking is prohibited except for temporary gatherings of less than one day's duration.

Section 13. Subdivision: No lot shall be subdivided if the result of each subdivision is separate ownership of less than a whole lot; provided, however, that the Declarant, its successors or assigns, reserves the right to make minor boundary line adjustments between lots so long as said adjustment does not exceed ten percent (10%) of the total area of a given lot; and further provided that one lot may be combined with another lot or lots or a portion thereof to create a larger lot, in which case these Restrictive covenants shall be construed to apply to the larger lot so created.

Section 14. Vehicles, Boats, Storage, Travel Trailers, etc.: No vehicle without current inspection sticker, vehicle over 7100 lbs. empty weight, camper trailer, boat, personal water craft, motor home or bus shall be parked overnight on any lot except in an enclosed garage or underneath house; provided, however, guests of an owner may so park such vehicle for a period not to exceed seven (7) days each calendar year. A pleasure boat on its trailer, boat, personal water craft, or motor home may be parked and raw firewood, bicycles, motorcycles, or other items may be stored only as regulated and limited with consideration as to lot dimensions and size by the Association. No automobile, other vehicle(s), motorcycle(s) or other similar items shall be repaired or placed "on blocks" or stands except in an enclosed garage.

Section 15. Utilities: All dwelling connections for all utilities shall be underground. The cost of any initial connection, if paid by the Declarant prior to sale to a third party, shall be payable by the purchaser at closing.

Section 16. Trees:

(a) Except as to development or construction by Declarant, or as may be approved by the Architectural Control Committee, no tree six inches (6") or greater in diameter at any location on said tree or ten feet (10') or greater in height shall be cut, removed or intentionally damaged on any Lot unless first approved by Architectural Control Committee.

(b) Fallen trees, dead trees and live trees less than six inches (6") in diameter may be removed from the lot at any time.

(c) Trees may be removed from the area of construction as permitted by Architectural Control Committee.

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

Section 18. Clotheslines: Clotheslines shall be prohibited.

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

Fences should be compatible with the architectural style of the house and should be used primarily for screening and defining outdoor space. Fencing or landscape materials are required to screen HVAC equipment and trash receptacles. Perimeter fencing around the entire lot is not permitted. Fences should maintain a reasonable scale to the house and not block desirable views and vistas or negatively impact adjacent lots. Walls are not permitted. Split rail, chain link or welded wire fencing is not allowed.

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

3.1 BOAT SLIPS TO BE ASSIGNED:

The developer may, but shall not be obligated to, construct a dock, pier or other boat mooring facility which may be purchased from Declarant and thereafter assigned to an owner by an instrument of assignment which shall be recorded in the Office of the Register of Deeds of Onslow County. Notwithstanding that such assignment shall provide to the assignee the right to occupy a space at a dock, pier or other boat mooring facility, such facility shall be and remain a common property of the Association and shall be maintained by the Association and subject to such rules and regulations as may be from time to time adopted for its use,

including the requirement that the owner of the boat slip pay an assessment allocated solely for the maintenance of the dock, pier and other facilities associated therewith. The boat slips may be subsequently assigned by an owner but may only be assigned to an owner of a lot in this subdivision. Any such instrument of assignment shall clearly state the lot owned by the assignee.

No boat slip which has heretofore been assigned to an owner by instrument recorded in the Register of Deeds of Onslow County shall be transferred except by transfer which shall be recorded in the Office of the Register of Deeds of Onslow County. A conveyance of a lot by an owner shall be sufficient to convey the boat slips of the owner notwithstanding the fact that the deed of conveyance shall not refer to the said boat slip. However, an owner shall be able to transfer a boat slip separately so long as the assignee also owns a lot in the subdivision. Any attempted transfer of a boat slip to a person who does not own a lot in this subdivision shall not transfer any rights to or ownership of said boat slip. Declarant reserves the right to sell a boat slip to any party not owning a lot in the subdivision.

4. MEMBERSHIP AND VOTING RIGHTS:

Section 1. Every Owner of a Lot 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. The Association shall have two (2) classes of voting membership:

Class I: Class I 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 among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class II: The Class II member(s) shall be the Declarant and shall be entitled to two (2) votes for each Lot owned. The Class II membership shall cease and be converted to Class I membership upon the sale and closing of 75% of the Lots developed from the property described on Exhibit A.

5. COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of the Lien and Personal Obligations of Assessment: The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed, therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(1) annual assessments or charges;

(2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided;

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

The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorneys' fees (as provided in North Carolina General Statutes Section 6-21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties, to provide for the care, maintenance and improvements of the landscaping and lawns of each individual lot, (subject to reimbursement by the lot owner pursuant to Sections 4 and 6 hereinabove) and for the improvements and maintenance of the Common Area, and specifically any storm water control or disposal improvements.

Section 3. Minimum Annual Assessment: The initial minimum annual assessment shall be \$1200 per year per lot. Assessments shall commence beginning on the day of closing of the first lot from the Declarant to an Owner. So long as there exists Class II membership, the Declarant shall pay no dues or assessments but in lieu thereof the Declarant covenants and agrees to defray such deficit as may be required for maintenance up to the amount of the current operating budget.

Section 4. Collection of Assessments:

(a) The first pro rata payment of the balance of the current year assessment shall be due and payable beginning on the day of closing. The Board of Directors shall fix the amount of the assessment against each lot at least thirty days in advance of the 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 of the Association and the Board of Directors shall have the authority to require the assessment to be paid in pro-rata monthly installments, quarterly and semi-annually as well as annually. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment may be increased each year not more than fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership.

(c) 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 fifteen percent (15%) by a vote of fifty-one percent (51%) of members of each class who are voting in person or by proxy, at a meeting duly called for this purpose. Except, however, increases attributable solely to the annexation of new areas, including new Common Areas, shall not be subject to this limitation.

(d) If an additional property owner's association(s) is established on any property which is or may become subject to this Declaration by a supplemental declaration hereto, then, notwithstanding anything contained therein to the contrary, all assessments made by and for any such association shall be paid to the Scotch Bonnet Soundside Property Owners Association, Inc., for bookkeeping and record keeping purposes, and shall then be transferred as necessary to the appropriate association. Scotch Bonnet Soundside Property

Owners Association, Inc. may charge a reasonable fee for its record keeping services and deduct same from assessments collected.

Section 5. 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 Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of fifty-one percent (51%) of the votes of the members of each class who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for any Action authorized under Sections 4 or 5: Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice requirement, and there shall be no required quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Remedies for Non-Payment of Assessments: Any assessment which is not paid when due shall be delinquent. The assessment shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fees as may be set by the Board. The Association may file a lien of record against any lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Any such lien shall be filed in the office of the Clerk of Superior Court of Onslow County in a manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes or by any other applicable statute. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area or abandonment of his dwelling unit or Lot.

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

The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Chapter 45 of the North Carolina General Statutes. All fees, charges, late charges, fines, and interest are enforceable as assessments.

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

such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages and deeds of trust, and upon such sale and resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Chapter 45. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the sale shall, after the Trustee retains his commission, together with any additional attorneys' fees incurred by the Trustee, be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessment, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the property, and any advancements made by the Association in the protection of the security.

The terms of these Covenants are meant to comply with the provisions of Chapter 47F of the North Carolina General Statutes and any contradiction herein with the provisions of Chapter 47F shall be resolved by reference the statute.

Section 8. Effect of Default in Payment of Ad Valorem Taxes, of Assessments for Public Improvement by Association: Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the common Area or assessments for public improvements to the Common area, which default shall continue for a period of six (6) months, each owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien subject to the lien of the governmental authority levying said ad valorem taxes on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 9. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the assessment 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 assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments that thereafter become due or from the lien thereof.

Section 10. Rights of Mortgagees:

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

1. Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.
2. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot upon which it holds a mortgage.

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

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

6. ARCHITECTURAL CONTROL COMMITTEE:

Section 1. Submission of Plans and Specifications: Except for original and initial construction and subsequent modification of improvements by the Declarant on any Lot which such construction is and shall be exempt from the provisions of this provision, no building, wall, fence, landscaping, berm, or hedge which acts as a fence of privacy inducing structure, pier, dock, ornamentation, or other structures or improvements of any nature shall be erected, placed or altered on any Lot until: 1) the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee; and 2) the owner of said Lot shall have deposited or caused to be deposited with the Association a deposit to defray the cost of repair of any common facilities damaged by the proposed construction in the minimum amount of \$1,000.00 for home construction and a minimum of \$250.00 for any other improvements or such higher amount as the Association may set. The deposit requirement shall not be waivable.

The Association Board of Directors may adopt from time to time Architectural Guidelines for use by the Architectural Control Committee and such guidelines shall be mandatory for use by the Architectural Control Committee except as the Board of Directors shall authorize upon appeal of the Committee decision.

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

Any change in the appearance of any building, wall, fence or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval.

Section 2. Procedure:

(a) The Architectural Control Committee shall make all efforts to cooperate with the Owner or agent in effecting a prompt and reasonable response to any submission. Within fifteen (15) days after receipt of all required information, the Architectural Control Committee shall submit in writing to the Owner of the Lot a response stating whether or not the requested improvements are approved. Unless a response is given by the Architectural Control Committee within fifteen (15) days, the plan shall be deemed approved. The Architectural Control Committee shall have the power to promulgate reasonable rules and regulations designed to carry out the provisions and intent of this paragraph. Any such rules and regulations shall be approved by the Board of Directors prior to implementation.

(b) Action of the Architectural Control Committee may be based upon any reasonable ground, including aesthetic grounds. Requirements of any governmental authority shall not be considered by the Committee. The response of the Architectural Control Committee must be:

1. An approval; or
2. An approval with conditions; or
3. An approval with conditions together with a request for additional information;
or
4. A denial.

A denial is an extreme response and not to be made unless an approval with conditions can not be made. A denial prohibits or delays construction of the proposed improvements.

A request for additional information shall be made only with a conditional approval and will not delay construction unless the information requested involves a matter which will need to be approved prior to construction. A request for additional information shall not be used by the Committee to enlarge the required response time. If an approval with conditions is granted and thereafter construction begins, the construction shall be deemed approved by the owner of the lot on which the conditions are imposed.

(c) The Architectural Control Committee may not deny the submission unless it makes at least one of the following findings:

1. That the improvements sought to be constructed will have a negative economic impact on any other lot within the subdivision.
2. That a required specific building standard or other condition contained within the Restrictive Covenant documents has not been met.
3. That the improvements are architecturally incompatible with proposed or constructed improvements on other lots within the subdivision.
4. That the natural features of the lot will be disturbed to an extent more than reasonably necessary to construct the proposed improvements.

In addition to the above required finding, in order to deny a submission, the Architectural Control Committee must provide a specific and detailed response of why an approval with conditions was not a reasonable alternative to the denial.

Section 3. Exceptions: The paint, coating, stain and other exterior finishing colors and roof shingles/exterior on all buildings may be maintained as that originally installed, without prior approval of the Architectural Control Committee, but prior approval by the Architectural Control Committee shall be necessary before any such exterior color is changed.

Section 4. Committee Membership: Until such time as the sale of the last numbered lot in the subject property is evidenced by the recordation of a deed therefor, all rights, privilege, powers and authority granted herein to the initial Architectural Control Committee, to whom the specific power to act hereunder is expressly conveyed, shall be exercised by the Declarant, its successors or assigns. The Declarant may assign its powers hereunder to an Architectural Control Committee, but so long as Class II membership shall exist, the Declarant shall appoint a majority of the Architectural Control Committee. Thereafter, all members of

the Architectural Control Committee shall be appointed by the Board of Directors of the Association, and may include one or more members of the Board of Directors. The Board of Directors may decline to appoint a separate Architectural Control Committee and may determine that the Board of Directors shall act as the Architectural Control Committee. Except as set out above, the Architectural Control Committee shall be composed of three (3) Owners appointed by the Board and who shall serve at the pleasure of the Board.

Section 5. Committee Procedure: A majority of the Architectural Control Committee may take any action said Committee is empowered to take, may designate a representative to act for the Architectural Control Committee, and, with approval of the Association Board, may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Control Committee, the Association Board shall designate a successor. The members of the Architectural Control Committee shall not be entitled to any compensation for services performed pursuant to this covenant. The Association may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order to compensate any consulting architects, landscape architects, urban designers or attorneys.

Section 6. Appeal of Committee Action: If the Architectural Control Committee is appointed as a separate entity from the Board of Directors, then any Owner may appeal the decision of the Architectural Control Committee to the Board of Directors, provided that all parties involved comply with the decision of the Architectural Control Committee until such time, if any, as the Board of Directors amends, or reverses the Architectural Control Committee's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within thirty (30) days of the decision of the Architectural Control Committee. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Control Committee within twenty-five (25) days of receipt of the petition. The Board of Directors' decision shall be by majority vote. Any Owner must exhaust this avenue of appeal prior to resorting to a court of law or equity for relief.

Section 7. Notice: Any Owner shall be deemed to have made a submission on the date it is hand delivered or deposited postage pre-paid in the US Mail, registered or certified mail, return receipt requested, to the address shown on Exhibit "C". Any change in address shall be evidenced by a Notice in a form substantially similar to Exhibit "C" which shall contain at a minimum the information shown thereon and which shall be filed with the Register of Deeds in Onslow County. The Association shall at all times provide a place in the county in which the property is located to which the submission may be hand delivered. Said Notice shall be indexed in the name of the Association.

7. EASEMENTS:

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and under, over and along ten feet (10') off the side, rear and front property lines of each and every 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 area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

The Declarant reserves for itself, its successors or assigns, an exclusive easement and right at any time in the future to grant a right of way under, over and along ten feet (10') off the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, drainage or other utilities including water and sewer services and cable TV and other telecommunications services.

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

7.1 OWNER'S EASEMENT OF ENJOYMENT:

Section 1. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to limit the number of guests of members;

(c) the right of the Association to suspend the voting right and to use the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(d) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes subject to such conditions as may be agreed to by the members. No such dedication or transfers shall be effective unless an instrument signed by fifty-one percent (51%) of each class of members agreeing to such dedication or transfer has been recorded;

(e) the right of individual Owners to the exclusive use of parking spaces as may be provided in other documents;

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

Section 2. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

8. GENERAL PROVISIONS:

Section 1. Term: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty (20) years from the date these covenants are recorded, after which time such covenants shall be automatically extended for successive periods of ten (10) years.

Section 2. Enforcement: In the event of a violation or breach of any of these restrictions, covenants, agreements and conditions by any person or concern claiming by, through or under the undersigned, or by virtue of any judicial proceedings, the Association, its successors and assigns, and the owners of the number of lots in the subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms thereof or to prevent the violation or breach of any of them. Costs and reasonable attorney fees shall be recoverable by the Association as part of any judgment or order to enforce these Restrictive Covenants. The failure to enforce any right, reservation, restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 3. Remedies Extended to the State of North Carolina: To ensure that this subdivision is maintained consistent with the laws of the State of North Carolina, the State of North Carolina is specifically empowered to take such acts necessary by and through its officers to enforce any of these covenants against an Owner or the Association. The State of North Carolina is specifically made a beneficiary of these covenants.

Section 4. Modification of Restrictive Covenants: Except as otherwise provided in this Declaration, these restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof without the consent of any other person or party during the first twenty (20) year period by written document executed by the Declarant or its successors in title and by the Owners of not less than ninety percent (90%) or more of the subdivided lots, and recorded in the office of the Register of Deeds of the County in which this Declaration is recorded. After the expiration of the initial twenty (20) year period, these restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or parcel thereof by written document executed by not less than seventy-five percent (75%) of the Lot Owners, and recorded in the office of the Register of Deeds of the County in which this Declaration is recorded.

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

Section 6. Severability: 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.

EXHIBIT "A" (PROJECT AREA)

["Project Property or Area" shall mean all of the real property made subject to this Declaration, including such other portions of the Development Area as may from time to time be submitted to and added to the Project Area by amendment of this Declaration.]

Being all of that certain real estate lying and being in Stump Sound Township, Onslow County, North Carolina, as shown and described on Plat entitled "***FINAL PLAT OF SCOTCH BONNET SOUND SIDE***" (7.648 Acre Tract), prepared by Charles F. Riggs & Associates, Inc., which Plat is dated October 6&7, 2004 and recorded in Bk. 47 Page 116 Slide L-495, being a 2 page plat of survey document in the Onslow County Registry, including **Lots 1 - 10; Septic Easement Area reserved by Owner; and Common/Recreational Area for Scotch Bonnet Soundside.**

EXHIBIT "B"
ADDITIONAL RESTRICTIVE COVENANTS FOR
SCOTCH BONNET SOUNDSIDE

1. The following covenants are intended to ensure ongoing compliance with State Storm Water Management Permit Number SW8 040501, as issued by the Division of Water Quality under NCAC2H.1000.
2. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.
3. These covenants are to run with the land and be binding on all persons and parties claiming under them.
4. 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.
5. Alteration of the drainage shown on the approved plan may not take place without the concurrence of the Division of Water Quality.
6. The maximum allowable built-upon area per lot is restricted as follows:

LOT	ALLOWABLE IMPERVIOUS SURFACE
1	2,600 Sq. Ft.
2	2,600 Sq. Ft.
3	2,600 Sq. Ft.
4	2,600 Sq. Ft.
5	2,600 Sq. Ft.
6	3,100 Sq. Ft.
7	3,100 Sq. Ft.
8	3,100 Sq. Ft.
9	3,100 Sq. Ft.
10	6,962 Sq. Ft.
Septic Area	13,600 Sq. Ft.
TOTAL	45,962 Sq. Ft.

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

7. Filling in or piping of any vegetative conveyances (ditched, swales, etc.) associated with the development, except for average driveway crossings, is strictly prohibited by any person or entity.
8. Lots within CAMA's Area of Environmental Concern may have the permitted built-upon area reduced due to CAMA jurisdiction within the AEC.
9. Each lot will maintain a 30' wide vegetated buffer between all impervious areas and surface waters.
10. All roof drains shall terminate at least 30' from the mean high water mark of surface waters.

EXHIBIT "C"

Index in the Grantor Index:

SCOTCH BONNET SOUND SIDE SUBDIVISION
DEACON REAL ESTATE INVESTMENTS, LLC
SCOTCH BONNET SOUND SIDE PROPERTY OWNERS ASSOCIATION, INC.

ARCHITECTURAL CONTROL COMMITTEE NOTICE

Notice is hereby given that all submissions to the Architectural Control Committee required under the Declaration of Restrictive Covenants of SCOTCH BONNET SOUND SIDE SUBDIVISION shall be submitted as follows:

**ADDRESS TO WHICH SUBMISSIONS TO THE ARCHITECTURAL CONTROL COMMITTEE
MAY BE MAILED (registered or certified, return receipt only):**

C/O Daniel J. Deacon
485 Eagle Drive
Chapel Hill, NC 27517

**SUBMISSIONS SHALL BE MADE TO THE ADDRESSES ABOVE UNLESS A SUBSEQUENT
NOTICE IS FILED WITH THE REGISTER OF DEEDS PROVIDING DIFFERENT ADDRESS.**

Section 7. Variances. The Association may allow reasonable variances and adjustments of the restrictions set forth in this Declaration in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that any such variance granted must be done in conformity with the intent and purposes of the general development scheme and provided also that in every instance such variance or adjustment shall not materially be detrimental or injurious to other property or improvements within the Properties.

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

DEACON REAL ESTATE INVESTMENTS, LLC

By: [Signature] (SEAL)
Daniel J. Deacon, Member-Manager

SCOTCH BONNET SOUNDSIDE PROPERTY OWNERS ASSOCIATION, INC.

By: [Signature] (SEAL)
Daniel J. Deacon, President

SEAL-STAMP

STATE OF NORTH CAROLINA, CHATHAM COUNTY

I, Jennifer S. Andrews, a Notary Public of the County and State aforesaid, do hereby certify that Daniel J. Deacon personally came before me this day and acknowledged that he is President of Scotch Bonnet Soundside Property Owners Association, Inc., and that he as President, being authorized to do so, executed the foregoing on behalf of Scotch Bonnet Soundside Property Owners Association, Inc.

Witness my hand and official seal this 2 day of February, 2005.

[Signature]
Notary Public

My commission expires: 4/16/10

SEAL-STAMP

STATE OF NORTH CAROLINA, CHATHAM COUNTY

I, Jennifer S. Andrews, a Notary Public of the County and State aforesaid, certify that Daniel J. Deacon personally came before me this day and acknowledged that he is a Member-Manager of Deacon Real Estate Investments, LLC and that by authority duly given and as the act of the Limited Liability Company, the foregoing instrument was signed in its name by him as its authorized Member-Manager.

Witness my hand and official seal this 2 day of February, 2005.

My commission expires: 4/16/10

NORTH CAROLINA, ONSLOW COUNTY

The foregoing certificate(s) of Jennifer S. Andrews

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

[Signature] Register of Deeds for Onslow County
Deputy/Assistant-Register of Deeds

Doc ID: 007614520002 Type: CRP
Kind: RESTRICTIVE COVENANT
Recorded: 10/14/2009 at 01:19:33 PM
Fee Amt: \$17.00 Page 1 of 2
Onslow County, NC
Rebecca L. Pollard Reg. of Deeds
BK 3307 PG 901-902

ANNEXATION OF ADDITIONAL PROPERTY TO THAT SUBJECT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SCOTCH
BONNET SOUNDSIDE SUBDIVISION

Prepared by: David Rooks
Return to: Dan Deacon, 485 Eagle Drive, Chapel Hill, NC 27517

THIS AMENDMENT to the Declaration of Covenants, Conditions and Restrictions for Scotch Bonnet Soundside Subdivision (the "Declaration") is made this the 7 day of October, 2009 by Deacon Real Estate Investments, LLC ("Declarant");

WITNESSETH:

WHEREAS, Declarant executed and recorded the Declaration at Book 2389, Page 471, Onslow County Registry; and;

WHEREAS, the Section 2.1 of the Declaration allows the Declarant to add property to that already subject to the Declaration without the consent of owners of lots in the subdivision or the holders of any liens or security interests in lots in the subdivision; and,

WHEREAS, Declarant wishes to amend the Declaration by adding the property described below to the property subject to the Declaration.

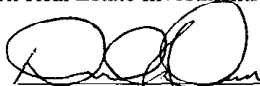
NOW, THEREFORE, the Declarant hereby declares the following property will be held subject to the Declaration:

Being all that 3.782 acre tract of land shown on the plat entitled "As Built Survey for Deacon Real Estate Investments, LLC" recorded at Plat Book 51, Page 154, Onslow County Registry.

IN WITNESS WHEREOF Declarant has authorized its manager to execute this instrument on its behalf, the date first above appearing.

Deacon Real Estate Investments, LLC

By:


Dan Deacon, Manager

State of North Carolina - County of Orange

I, the undersigned Notary Public of the County and State aforesaid, certify that Dan Deacon personally came before me this day and acknowledged that he is the Manager of Deacon Real Estate Investments, LLC, a North Carolina limited liability company and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and Notarial stamp or seal, this 7th day of October, 2009.

Susan K. Seagroves
Notary Public

My Commission Expires: 12-10-2013

