

UNOFFICIAL
STATE OF NORTH CAROLINA
COUNTY OF PENDER

BK 1523PG174
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
Patriot's Watch Subdivision

THIS DECLARATION, made on the day of August 2009, hereinafter set forth by T & B ENTERPRISES, NICE GOOD hereinafter referred to as "Declarant" or "Developer". PO Box 428
Burgaw

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Pender County, North Carolina, which is more particularly described as PATRIOT'S WATCH SUBDIVISION as shown on map of same in Map Book 23 at Pages 86-87 in the Office of the Register of Deeds of Pender County.

WHEREAS, Declarant has heretofore recorded a Declaration of Restrictions for PATRIOT'S WATCH SUBDIVISION in Book 909 at Page 185 of the Pender County Registry, which restrictive covenants Declarant hereby withdraws in their entirety and cancels the same, and in lieu thereof records the within restrictive covenants.

NOW, THEREFORE, Declarant hereby declares that all the properties, including all lots, described above shall be held, and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to PATRIOT'S WATCH HOMEOWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns, formed or to be formed by the Declarant primarily as an association for the lot owners in all sections or phases of PATRIOT'S WATCH.

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 part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of the obligation.

Section 3. "Properties" shall mean the Property as defined in the preamble to this Declaration.

Section 4. "Common Area" shall mean and refer to all land within the PATRIOT'S WATCH SUBDIVISION conveyed to the Association by warranty deed recorded in the Pender County Registry and which deed specifically designates said area as common area and incorporates the provisions of these restrictions as to the use of said property as common area. "Common area" shall mean and refer to all lands and easements (including drainage easements) within or appurtenant to the subdivision intended for the common use and enjoyment of the Owners, including, without limitation, any parks, private roads or walkways within the subdivision. In addition, subdivisions sign(s), landscaping and fencing located at the entrance to PATRIOT'S WATCH SUBDIVISION are declared common area. Additional common area may be annexed or "phased" into the subdivision as hereinafter provided. "Common Area" does not include "Lot" as defined below.

Section 5. "Lot" shall mean and refer to those enumerated parcels of land upon which single family residences may be built as shown upon any recorded subdivision map of the Property. As used herein, "Lot" does not include "Common Area".

Section 6. "Declarant" or "Developer" shall mean and refer to T & B ENTERPRISES, its successors and assigns.

Section 7. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 8. "Membership" shall mean and refer to the rights, privileges, benefits, duties and obligations which shall inure to the benefit of and burden each member of the Association.

Section 9. "Member" shall mean and refer to every person or entity who has membership in the Association.

Section 10. Common Expenses means and includes actual and estimated expenses of maintaining and operating the common Areas, Conservation and Buffer Areas and landscaped areas within road right of ways and operating the Association for general purposes, including any reasonable reserve, as may be found necessary and appropriate by the Board of Directors pursuant to these Protective Covenants, the Bylaws and the Articles of Incorporation of the Association, including the following:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses of administration, maintenance, repair or replacement of the Common areas and the stormwater system;
- (c) Expenses declared to be Common Expenses by the provisions of these Protective Covenants or the Bylaws;
- (d) Expenses agreed by the members to be Common Expenses of the Association;
- (e) Any ad valorem taxes and public assessments levied against the Common Area.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment: 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 formulate, adopt, publish and enforce rules and regulations concerning the use of the Common Area;
- (b) The right of the Association to suspend the voting rights and right to use the Common Areas by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (c) 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 and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3rds) vote of the members of the Association has been recorded;
- (d) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purposes of improving the Common Area and facilities and carrying out its maintenance responsibilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the Lot Owners hereunder;
- (e) In the event that any maintenance activities are necessitated by the willful act or active or passive negligence of any Owner, his family guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors of the Association, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may be added to the annual assessment levied against said Owner's Lot;
- (f) The right of the Association to formulate, publish and enforce rules and regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area and the right of the Association to establish penalties for any

infractions thereof.

(g) Easements as provided in Article VII hereof.

Section 2. Delegation of Use: Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment of the Common Area to the members of his family, his tenants, or contract purchasers, provided, every such delegee shall reside on the property.

ARTICLE III

HOMEOWNERS' ASSOCIATION

Section 1. Formation of Association "Purpose": An Association named Patriot's Watch Homeowner's Association, Inc. has been or will be formed pursuant to the requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina. Its purposes are to own, manage, maintain and operate the Common Areas and facilities located upon the Common Areas, Conservation and Buffer Areas, and landscaped areas within road right-of-ways; to enforce the protective covenants contained herein, and to make and enforce rules and regulations governing the Owner's use and occupation of lots.

Section 2. Membership: Every Lot Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

Section 3. Voting Rights: The Association shall have two classes of voting membership.

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

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

- (a) when the total vote outstanding in the Class A Membership equals the total vote outstanding in the Class B Membership, or
- (b) on December 31, 2010, or
- (c) upon the voluntary surrender of all Class B Membership by the holder thereof.

Section 4. Conveyance to Association of Common Area: At the completion of the Development by Declarant, or at such earlier time as the Declarant elects, the Common Area shall be conveyed to the Association. All duties, obligations, rights and privileges of Declarant under any storm water and utility agreements, easements and permits with municipal or governmental agencies or public or private utility companies shall become the responsibility of the Association upon the assignment of such documents to it by the Declarant.

Section 5. Management of Association: Management of the affairs of the Association shall be the right and the responsibility of its Board of Directors in accordance with this Declaration and the By-Laws, PROVIDED, HOWEVER, that all of the powers and duties of the Board of Directors may be exercised by the Declarant until such time as 90% of the lots in PATRIOT'S WATCH, all sections or phases, have been sold and conveyed by the Declarant to purchasers or until December 31, 2010, whichever occurs first. Management and control may be transferred to the Lot owners at any time but in all events, no later than 120 days after the happening of the above events.

Section 6. Assignment to Association: All water, sewer, land use, stormwater system, and utility permits, agreements and easements between DECLARANT and any municipal or governmental agency or department or public or private utility company shall be assumed by the Association upon the assignment of all such permits, agreements and easements to the Association by DECLARANT. The

Association shall thereafter be responsible for and assume all duties, obligations, and rights and privileges of DECLARANT under such permits, agreements and easements, including all maintenance responsibilities.

ARTICLE IV

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed for the Owner's Lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association the following assessments (collectively the "Assessments"):

- A. Annual Assessments;
- B. Special Assessments for Capital Improvements;
- C. Insurance Assessments;
- D. Ad Valorem Tax Assessments; and
- E. Working Capital Assessments.

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. THE PERSONAL OBLIGATION FOR DELINQUENT ASSESSMENTS SHALL NOT PASS TO THE OWNER'S SUCCESSORS IN TITLE UNLESS EXPRESSLY ASSUMED BY THEM.

Section 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Property and for the improvement and maintenance of the Common Areas. The funds arising from said assessments or charges may be used for any or all of the following purposes: operations, maintenance and improvement of the Common Areas, including payment of utilities; enforcing this Declaration; paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital, maintenance and repair of all storm water drainage facilities and easements; and doing any other things necessary or desirable in the opinion of the Association to keep the Common Areas in good operating order and repair.

Section 3. Annual Assessments. A Lot shall not be subject to annual assessments until the Lot is sold by the Declarant to an owner other than the Declarant.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Maximum annual assessment shall be determined by the Declarant.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the Membership.

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

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including easement areas, fixtures, and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Special assessments for the maintenance of the drainage and storm water runoff systems and other utility systems, as required by government permits or

regulations, may be assessed by the Board of Directors without a vote of the members. All special assessments for capital improvements shall be fixed to a uniform rate for all lots.

Section 5. Insurance. The Board of Directors, on behalf of the Association, as a common expense, shall at all times keep the property, if any, of the Association insured against loss or damage by fire or other hazards and other risks, including but not limited to, directors' liability and public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the Properties and Common Area, which insurance shall be payable in case of loss to the Association for all members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. Such insurance shall be obtained without prejudice to the right of each member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with the insurance purchased by members or their mortgagees. An individual Lot owner's liability for damage to the Common Areas shall not be absolute, but rather only that determined in accordance with North Carolina law.

Section 6. Insurance Assessments. All insurance policy premiums of the Common Areas for the benefit of the Association purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a common expense, and the Association shall levy against the Owners equally as an additional annual assessment, (herein called "Insurance Assessment") which shall be in addition to the amounts provided for under Section 3 above, an amount sufficient to pay the annual cost of all such insurance premiums.

Section 7. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership 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 (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. No provision in this Section 7 shall operate to prevent the Declarant from enjoying and exercising the rights set forth in Article III above.

Section 8. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots.

Section 9. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area unless determined otherwise by the Board of Directors. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding on the Association as of the date of issuance. Notwithstanding any language to the contrary herein, as long as the Developer is actively developing PATRIOT'S WATCH and is primarily responsible for the maintenance of the Common Areas then the Developer may, in its sole discretion, choose not to levy or assess any lots for assessments.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum legal rate in effect when due long with such other penalties, fines, costs, expenses and attorney's fees as determined by the Declarant or Board of Directors. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. Failure to pay assessments does not constitute a default under any insured mortgage owed by an Owner.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer, no sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. Mortgagees are not required to collect assessments.

Section 12. Working Capital assessment. At the time title to a lot is conveyed from Declarant to the initial owner other than the Declarant, said owner shall contribute to the Association as a working capital reserve an amount to be determined by the Board of Directors but not to exceed \$100. Such funds shall be used solely for initial operating and capital expenses of the Association, including but not limited to insurance, supplies, furnishings and equipment. Amounts paid into the working capital fund are not considered as advance payments of regular assessments. Any working capital funds remaining at the end of the first full operating year may be transferred to and become part of the general funds of the Association in the discretion of the Declarant or Board of Directors, as appropriate.

Section 13. Maintenance by Association. The Association shall be responsible for maintaining, repairing and replacing all areas, facilities, easements and other matters referred to in Article IV, Section 2 above.

ARTICLE V

RIGHTS OF DEVELOPER

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

Section 1. The Architectural Control Committee. All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or the By-Laws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any Lot within the Subdivision.

Section 2. Plan of Development. The right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Development, including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable is expressly reserved by the Declarant. The Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plate any one (1) or more Lots shown on the plat of any subdivision of the Property in order to create one or more modified Lots; to further subdivide tracts shown on any subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger tract; to eliminate from this Declaration Lots that are not otherwise buildable or are needed for access or are needed for use as public or private roads or facilities, whether serving the Development or other property or are needed for Common Areas or amenities, and to take such steps as are reasonably necessary to make such re-platted Lots or tracts suitable and fit as a building site or access area or roadway or Common Area.

Section 3. Amendment of Declaration by the Declarant. This Declaration may be amended without member approval by the Declarant, or the Board of the Association, as the case may be, as follows:

- A. In any respect, prior to the sale of the first Lot.
- B. To correct any obvious error or inconsistency in drafting, typing or reproduction.
- C. To qualify the Association or the Property, or any portion thereof, for tax-exempt status.
- D. To include any platting change as permitted herein.
- E. To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for

mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion. Notwithstanding anything else herein to the contrary, only the Declarant, during the Developer Control Period, shall be entitled to amend this Declaration pursuant to this Section.

Section 4. Sales Model. So long as the Declarant or its designee shall retain ownership of any Lot, it may utilize any such Lot for offices, models or other purposes relating to the sale or rental of Lots and dwellings including the right to place "For Sale" or "For Rent" signs on any Lots. The Declarant may assign this limited commercial usage right to any other person or entities as it may choose.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. No dwelling, residence, building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant, or its designee, or if applicable, the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with provided that such addition, construction or alteration is in conformity with the overall plan, design, and appearance of PATRIOT'S WATCH SUBDIVISION in general. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that in the sole and uncontrolled discretion of the Declarant, the Board of Directors or Architectural Control Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Declarant or Architectural Control Committee for its records. Neither the Declarant nor the Architectural Control Committee shall be responsible for any structural or other defects in plans and specifications submitted to it or any structure erected according to such plans and specifications.

No construction, which term shall include within its definition clearing, excavation, grading and other site work, shall take place except with prior approval of the Declarant or Homeowner's Association.

Section 2. Approval of Plans.

A. No house plans will be approved unless the proposed house shall have on modular, framed, or panelized plans NOT LESS THAN 1,000 square feet of heated area. The term "heated area" as used in the minimum requirements shall be the total finished/heated area within the dwelling; provided, however, that such term does not include garages, terraces, decks, porches and like unheated areas.

In computing the number of square feet allowed as provided herein, no square footage in any part of the dwelling that is constructed over a garage will be counted, unless it is on the same utility hookup as the main dwelling and is a finished part of the constructed living area.

B. Once construction of a dwelling or other improvements are started on any lot, the improvements (if stick built), must be substantially completed in accordance with the approved plans and specifications within (12) months from commencement, and if the improvements are modular, they must be substantially completed within (3) months from commencement. Failure to complete construction within twelve (12), or three (3) months from commencement date may result in a fine being imposed in the minimum amount of \$500.00 per month, which fine shall be payable to Declarant until all lots in the subdivision have been sold,

at which time the fine shall be payable to the Association.

C. No improvement shall be erected, altered, placed upon, or permitted to remain on any lot other than one detached single family dwelling and a garage (attached or detached). No detached garage shall be more than one story in height and shall never be used for living quarters of any kind, either for guests, members of the family or servants, and the construction or maintenance of so-called "garage apartments" on any lot is expressly prohibited. Storage and utility buildings, in conformity with the dwelling constructed on said lot, may be allowed only with the express written consent of the Developer or the Committee.

D. Since the establishment of standard inflexible building setback lines for location of houses on lots tend to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines are established by these restrictions. In order to assure, however, that the foregoing considerations are given maximum effect, Developer reserves the right to control and approve absolutely the site location of any house or dwelling or other structure upon any lot. A plot plan shall be furnished to Developer for approval prior to the beginning of construction on any lot. In any event, no house shall be erected closer to the front line or nearer to any side line than the minimum distances established by applicable governmental agencies and ordinances.

Presently, in Pender County in an RA-20 zone, the minimum setbacks are: front, thirty (30) feet; side, twenty (20) feet; rear, twenty-five (25) feet; corner lot with sides bordering street, twenty (20) feet.

E. Off street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot, which parking area and the driveways thereto shall be constructed of concrete, brick, asphalt, or turf stone, or any other material approved by Declarant, the Board, or Architectural Control Committee. Additional prepared parking areas shall be provided for each resident owned vehicle over the two (2) original parking spaces.

ARTICLE VII

EASEMENTS

Section 1. Easements are reserved and may be granted by Declarant or the Association as necessary in the Common Areas for installation and maintenance of underground utilities and drainage facilities.

Section 2. An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services to enter upon the lots and Common Area in the performance of their duties.

Section 3. In case of an emergency originating on or threatening any lot or the common areas and facilities, regardless of whether any Lot Owner is present at the time of such emergency, the Board of Directors, or any other person authorized by it, shall have the right to enter upon any lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners, and such right of entry shall be immediate.

Section 4. A four foot wide sidewalk easement is hereby reserved across the front and/or side of each lot fronting on or bordering a street in this subdivision for the sole use of residents and guests. This walking easement shall be confined within the utility or drainage easements bordering the streets.

Section 5. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in, or over each lot and such other areas as are shown on the plat of the Properties recorded or to be recorded in the office of the Register of Deeds of Pender County; provided further, that the Declarant may cut drain ways for surface water whenever such action may appear to the Developer to be necessary in order to maintain reasonable standards of health, safety and appearance. The easements and rights expressly include the right to cut any trees, bushes and shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and maintain reasonable standards of health, safety and appearance. Declarant further reserves the right to locate wells, pumping stations, and tanks within residential areas, or on any residential lot now

the right to locate wells, pumping stations, and tanks within residential areas, or on any residential lot now or subsequently designated for such use or to located same upon any lot with the permission of the owner of such lot. Such rights may be exercised by a licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service.

Section 6. The Declarant reserves unto itself, its successors and assigns, the right to subject the real property in this subdivision to a contract with Four County Electric Membership Corporation for the installation of street lighting, which contract requires a continuing monthly payment to Four County Electric Company by each residential customer for street lighting services.

Section 7. The Declarant reserves unto itself, its successors and assigns, the right to subject the real property in this subdivision to a contract with a waste management company for individual weekly garbage service. This service shall be offered by voluntary subscription to individual lot owners. A minimum number of subscribers may be required for this service to be made available.

Section 8. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any owner, purchaser, mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of whether reference to said easement is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in the Declaration.

Section 9. The Developer reserves a ten (10) foot easement along the front lot line and a five (5) foot easement along each side lot line and rear lot line of all lots in the subdivision for the purpose of the installation and maintenance of water, sewer, gas, electric, cable, telephone or other lines, cables, conduits, poles, pipes, and other equipment necessary or useful for furnishing electric power, gas, telephone service or other utilities, including water and sewer service, and for drainage. Dedicated drainage and utility easements shown on the subdivision map shall prevail when greater than the above reservations. The ten (10) foot easement shall apply to all street frontages on lots having multiple street frontages. The Developer reserves the right to grant encroachment on these easements to utility companies to serve the subdivision.

ARTICLE VIII

UTILITIES

Section 1. Water Service. Water service for PATRIOT'S WATCH SUBDIVISION shall be by individual well. The Lot Owner shall be responsible for the purchase and installation of any pump, storage tank, purification, or filtration equipment. Maintenance and upkeep are the responsibility of each individual Lot Owner. Each Lot Owner shall provide a pump house adequate to accommodate any pump, tanks, or other required equipment.

Section 2. Septic System. Sewage disposal shall be by individual septic systems. Each individual Lot Owner shall be responsible for servicing and maintaining each individual system.

ARTICLE IX

STREET MAINTENANCE AGREEMENT

Section 1. Street Maintenance. T & B ENTERPRISES is the owner of all the interest and equity in that certain tract of land known as PATRIOT'S WATCH SUBDIVISION, SECTIONS I & II, as shown on a map recorded in Map Book 23, Page 86-87, of the Pender County Registry. The Owner and Developer, T & B ENTERPRISES, does hereby covenant with and agree to maintain at its sole expense the public roads as shown on the aforesaid recorded map until such time as the maintenance and continual upkeep of the road(s) is assumed completely by the Homeowner's Association, or the North Carolina Department of Transportation.

ARTICLE X

GENERAL RESTRICTIONS

Section 1. No lot shall be used except for single family residential purposes. No commercial use

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shall be permitted on any lot. No structure shall be erected, placed or permitted to remain on any lot other than one (1) detached, single family residence dwelling not to exceed two and one-half stories in height above floor or piling level and such outbuildings as are usually accessory to a single family residence dwelling, including a private enclosed garage. All dwellings shall have a brick foundation.

Section 2. No culvert or pipe shall be placed in any street or road, ditch or drain unless it in all respects meets the standards set by the governmental authority having jurisdiction over the same. No drain ways along any lot within the subdivision shall be filled or modified except by the Developer or at the request of State, Federal or local agencies.

All driveways shall be constructed of crushed stone, brick, asphalt, or concrete and if applicable shall be piped with driveway pipes of not less than twenty (20) feet in length. Diameter of any driveway pipes shall be determined by the North Carolina Division of Transportation, the Developer, the Board, or the Committee (as applicable) prior to installation.

Section 3. No commercial trade or activity, or any noxious trade or activity whatsoever, shall be carried on upon any lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to other lot owners. In the event yards in the subdivision are not properly maintained they may be cleaned by the Developer or Association at the owner's expense. Unsightly, inoperative junk cars and like eyesores cannot be maintained on any lot or on any street in the subdivision either prior to or after the dwelling has been erected and any such automobile may be removed by the Developer or Homeowner's Association at the lot owner's expense. This paragraph shall not be deemed to prohibit, or limit in any way, the Developer from building houses or other improvements on the subject property and selling same.

Section 4. No boat, motor boat, camper, trailer, motor home, recreational vehicle, tractor/trailer, truck over one and one-half tons, or other recreational vehicle, tent, shack or temporary structure of any nature shall be used at any time as a residence, temporarily or permanently. No boat, motor boat, camper, trailer, motor home, recreational vehicle, tractor/trailer, truck over one and one-half tons, or other recreational vehicle shall be permitted to remain on any street any time, without the written consent of the Association or its designee. No motor home, recreational vehicle, tractor/trailer, truck over one and one-half tons shall be permitted to remain on any Lot or Common Area at any time. No inoperable vehicle or vehicle without current registration and insurance will be permitted on any Lot, street or Common Area at any time. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

Section 5. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair, and in the event of destruction by fire or other casualty, premises are to be cleared and debris removed within ninety (90) days from date of such casualty.

Section 6. No animals, hunting dogs, livestock, poultry, fowl, or poisonous reptiles, other than household pets shall be kept or harbored on any of the lots or within any home situated thereon. Household pets are herein described to be cats, dogs, small birds, and other small domestic animals. No dog shall be kept in or about a dog house or dog pen. There shall be a limit of two dogs and two cats per each house. Owners are not allowed to keep dogs that bark incessantly, nor are vicious and aggressive dogs allowed in this subdivision. No dogs, or cats, or other domesticated household pets may be kept, bred or maintained for commercial purposes, nor shall they be kept in such numbers or of such nature as to be or become a nuisance to adjoining property owners or any residents of the subdivision.

Section 7. No lot area shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such materials may not be kept on any lots, except in sanitary containers. No trash, refuse, or garbage shall be burned on any lot. All garbage, trash or other refuse shall be kept in the rear of a dwelling, in an enclosed or screened area, and shall be removed not less than weekly.

Section 8. No fence shall be more than six (6') feet in height. No fence or structure of any kind shall be placed on utility and drainage easements as recorded on map of PATRIOT'S WATCH SUBDIVISION, SECTIONS I & II, or upon any of the easements reserved for and presently being used in this capacity, without written approval of Declarant or the Board of Directors.

Section 9. No advertising signs or billboards shall be erected on any lot or displayed to the public

on any lot, except that one sign of not more than three square feet may be used to advertise a complete dwelling for sale. This covenant shall not apply to signs erected by the Developer used to identify and advertise the subdivision as a whole, or by a contractor for an item of work being performed on a given lot.

Section 10. No hunting or discharge of firearms shall be allowed within the subdivision.

Section 11. No clothesline shall be erected except in the rear of each lot.

Section 12. A portion of the subdivision has been determined to meet the requirement 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 and enforce at the time of the proposed alterations. The intent of this restriction is to prevent additional wetland fill, so the property owner should not assume that a future application for fill will be approved. An owner shall report the lot number and section and name of this subdivision in any application pertaining to such wetland rules. This covenant is intended to ensure continued compliance with wetland rules adopted by the State of North Carolina and therefore its benefits may be enforced by the State of North Carolina.

Section 13. Construction activity on a lot shall be confined within the boundaries of said lot. Each lot owner shall have the obligation to collect and dispose of all rubbish and trash resulting from construction on his lot. Upon a lot owner's failure to collect and dispose of such trash within fifteen (15) days after receipt of a written notice from the Developer or Board, the Developer or the Association may collect and dispose of such rubbish and trash at the lot owner's expense.

Section 14. No lot in the subdivision shall be clear cut or substantially cleared without the express written consent of the Developer or the Board. Any trees cut larger than six (6) inches in diameter, down to breast height, must be approved by the Developer or the Board, before cutting. All debris from clearing must be removed from the lot within 30 days after the occupancy of the home.

Section 15. All utilities shall run underground. Dwellings constructed on lots shall utilize electric services from underground residential electrical distribution facilities.

Section 16. No outside toilets or privies shall be maintained upon any said lots, except for temporary construction toilets.

Section 17. No unlicensed motor vehicle will be operated on the streets of the subdivision. A speed limit of 25 miles per hour will be observed by all vehicles.

Section 18. Each lot owner shall keep his lot free from weeds, underbrush, refuse piles, or other unsightly growth or objects. The owner shall keep the lot mowed regularly, including that area from the lot line to the edge of the paved street. In the event the owner fails to do so, then, after thirty (30) days notice from the Developer or the Association, its designee may enter upon the lot and remove the same at the expense of the owner, and such entry shall not be deemed a trespass, and in such event a lien shall arise and be created in favor of the Developer or Association for the full amount of the cost thereof chargeable to such lot, including collection costs and such amounts shall be due and payable within thirty (30) days after the owner is billed therefor. Such lien shall be enforceable by the Court proceedings as provided by law for enforcement of liens.

Where lots border on or contain ditches, drainage canals or swales, the owner of each lot shall keep that area, including the slopes down to the water, covered with grass and mowed and/or maintained regularly. Washouts or erosions on the lots adjoining ditch banks and swales shall be properly tended to by the respective lot owner to ensure the integrity of said slopes.

Section 19. It shall be the obligation of each property owner to maintain, to the original construction depth, all drainage ditches located upon his lot. Any construction of culverts or other construction along or across said ditches must be done so that the free flow of water from subsurface drainage is not interrupted or interfered with. Property owners shall at all times maintain any improvements between his lot line and the street pavement of the street which said lot is located. Developer shall have no responsibility for maintaining any drainage easements located on any lot.

Nothing other than grass shall be allowed or permitted to be placed within any drainage easement that is established on any lot by the subdivision map or as reserved in these covenants. Not by way of limitation,

but by way of example, shrubs, trees and other vegetation, fences, walls, storage buildings and all other structures and improvements, of whatever nature or kind, are prohibited from being located within any such easement area.

Although not required, owners are encouraged to grade and maintain along the side lot lines of their lots a swales or depression sufficient in size to encourage surface water toward said swales and then toward all streets fronting said lot.

Any and all erosion from said lot occurring at the time of occupancy of any residence constructed on said lot must be stabilized and controlled within sixty (60) days of occupancy of said residence by the owner.

Section 20. All lots are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations are amended from time to time. These regulations currently provide that each Lot will be restricted to 10,890 square feet or 25% of lot, whichever is the lesser of built-upon area including impervious surfaces such as foundation, structures, pavement, concrete driveways, including that portion of the driveway located within a street right of way, which runs from the property line to road pavement; and walkways or patios or brick, stone of slate, and gravel, marl or stone covered areas, not including wood decking or the water surface of swimming pools. DECLARANT reserves the right to recalculate the maximum allowable built-upon area in accordance with the stormwater runoff rules and regulations of the State of North Carolina. All drainage swales or drainage patterns used to treat stormwater runoff as required by the State of North Carolina may not be filled in, piped or changed without the consent of the DECLARANT, its designee, the Association, or the State of North Carolina, and shall be maintained as set forth in Section 18 above. For curb and gutter projects, no one may pipe, fill in, or alter any lot line swale used to meet North Carolina Stormwater Management Permit requirements. The State of North Carolina is hereby made a beneficiary of these PROTECTIVE COVENANTS to the extent necessary to enforce its stormwater runoff regulations as the same may be amended from time to time. This paragraph cannot be changed or deleted without the consent of the State of North Carolina.

The Developer incorporates and makes part of these covenants and conditions the "Addendum" recorded in the Pender County Registry in Book 915 on Page 54, August 5, 1993, and which is intended to restrict impervious surfaces in a residential development.

Section 21. Mailboxes. Each lot in the Subdivision shall have only one (1) mailbox and one (1) paper box to be mounted on a single post, and all such boxes may be provided by the Developer. Property owners shall maintain all such boxes so as to be neat and attractive in appearance.

ARTICLE XI

GENERAL PROVISIONS

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

Section 2. 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.

Section 3. Rights of Institutional Lenders. "Institutional Lender" or "Institutional Lenders," as the terms are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, the Veterans Administration, the Federal Housing Authority, the Federal National Mortgage Association and other reputable mortgage lenders and guarantors and insurers of such first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any lot, or shall be the owner of any lot, such Institutional Lender or Institutional Lenders shall have the following rights, provided such Lender has provided to the Declarant or Association its name, address and a written request to be accorded these rights:

(a) Upon request to be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such financial statement and report to be compiled annually by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

(c) To be given notice of default in the payment of assessments by any owner of a lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders.

(d) To inspect the books and records of the Association and the Declaration, By-Laws and any Rules and Regulations during normal business hours, and to obtain copies thereof.

(e) To be given notice by the Association of any substantial damage to any part of the Common Area.

(f) To be given notice by the Association if any portion of the Common Area is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Section 4. Lots Subject to Declaration/Enforcement. All present and future Owners, tenants and occupants of Lots and their guests or invites, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into a lease or the entering into occupancy of any Lots shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Declarant, the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by seventy-five percent (75%) of the Lot Owners. Failure by the Declarant, the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 5. Amendment of Declaration. Except as provided elsewhere herein, the covenants and restrictions of this Declaration may be amended only by an instrument duly recorded in the office of the Register of Deeds of Pender County, executed by the duly authorized officers of the Association upon the vote of not less than two-thirds (2/3rds) of the Lot Owners; provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto Declarant.

Section 6. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of Common Areas, and amendment of this Declaration of Covenants, Conditions and Restrictions, if either of those agencies has approved the making, insuring or guaranteeing of mortgage loans within the Development.

Section 7. Delegation. The Developer may from time to time delegate any or all of its rights, powers, discretion and duties hereunder to such agent or agents as it may nominate. It may also permanently assign any or all of its powers and duties (including discretionary powers and duties), obligations, rights, title, easements and estates reserved to it by this Declaration, to any one or more corporations, associations, or persons, including the Association, that will accept such assignment. Any such agreement shall be in writing, recorded among the land records of Pender County, and the assignee shall join therein for the purpose of evidencing its acceptance of the assignment, and such assignee shall thereupon have the same rights, title, powers, obligations, discretion and duties as are herein reserved to the Developer, and the Developer shall thereupon be released therefrom.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand

BK 1523PG187

UNOFFICIAL
T & B ENTERPRISES
BY: [Signature]
General Partner

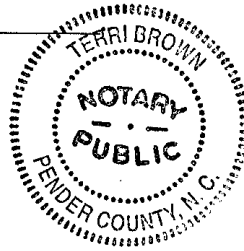
**NORTH CAROLINA
PENDER COUNTY**

I, Terri Brown, a Notary Public, do hereby certify that R. V. Biberstein, Jr., General Partner of T & B Enterprises, personally appeared before me this day and duly acknowledged the due execution of the foregoing instrument. Witness my hand and notarial seal this the 25th day of October 1999.

Terri Brown
Notary Public

My commission expires: May 19, 2003

patriotswatch-restrictions
(revised 10-22-99)



North Carolina - Pender County

The foregoing (or annexed) certificate of Terri Brown

is certified to be correct
This 25th day of October, A.D. 1999

JOYCE M. SWICEGOOD - Register of Deeds

By: Patricia A. Wamewood
Deputy/Assistant Register of Deeds