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NORTH CAROLINA

HOKE COUNTY

RESTRICTIVE COVENANTS
RIVERBROOKE, SECTION TWO

THIS DECLARATION, made this 3rd day of May, 2010, by RIVERBROOKE, LLC, a North Carolina limited liability company, hereinafter referred to as "Developer."

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain property in Raeford Township, Hoke County, North Carolina, which is known as RIVERBROOKE, SECTION TWO,, per plat of same duly recorded in Plat Cabinet 3, Slide 3-99, Map 005, Hoke County, North Carolina, Registry.

NOW, THEREFORE, Developer hereby declares that all of the properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the 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 insure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "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 2. "Properties" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Lot" shall mean and refer to any of the Lots as shown on the plat entitled RIVERBROOKE, SECTION TWO per plat of same duly recorded in Plat Cabinet 3, Slide 3-99, Map 005, Hoke County, North Carolina, Registry.

Section 4. "Association" shall mean and refer to the Riverbrooke of Hoke Homeowners Association, Inc., a nonprofit corporation organized and existing under the laws of the state of North Carolina.

ARTICLE II
USE RESTRICTIONS

Section 1. All Lots shall be used for residential purposes only and shall not be used for any business or commercial purposes; provided, however, that Developer reserves the right to use any Lot and any improvement thereon owned by Developer as a model home with sales office. Group family homes are prohibited.

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said lots except one detached single family dwelling of not more than two and one-half stories in height, a private garage for not more than three cares and other outbuildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. Manufactured metal buildings may also be placed on the lot for storage to the rear of the family dwelling. No mobile home (Class A or B) or modular home shall be allowed on any lot to which these covenants apply.

Section 3. No dwelling shall be erected or allowed to remain on any of the said lots which shall contain a heated-area living space of less than one thousand (1000) square feet. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless of size or purposes, whether attached to or detached from the main residence, shall be commenced, place, erected or allowed to remain on any building lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building

plans and specifications covering the same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes with paint samples, location and orientation on the building lot and approximate square footage, construction schedule, on-site sewage and water facilities, and such other information as the Developer shall require, including, if so required, plans for the grading and contours of the land, have been submitted to and approved in writing by the Developer and until a copy of all such plans and specifications, as finally approved by the Developer, have been lodged permanently with the Developer. The Developer shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the developer of said land or contiguous lands. In passing upon such building plans and specifications and lot-grading and landscaping plans, the Developer may take into consideration the suitability and desirability of the proposed construction and of the materials of which the same are proposed to be built to the building lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Developer fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Developer shall be presumed and the provisions of this paragraph shall be deemed to have been complied with. However, no residence or other building, structure or improvements which violates any of the covenants and restrictions herein contained or which is not in harmony with the surrounding neighborhood and the existing structures therein, shall be erected or allowed to remain on any part of that lot. All driveways shall be constructed of concrete.

Section 4. All structures shall comply with (i) the Hoke County ordinances with regard to the set-back requirements, and (ii) such set-back requirements as are set forth on the plats of RIVERBROOKE, SECTION TWO, as hereinbefore described or as may hereafter be recorded. When consistent with the zoning ordinances, the building line set-back as provided for in this paragraph may be varied by as much as ten (10) percent with the express consent of the Developer, which said consent document need not be on record in the Office of the Register of Deeds, Hoke County, North Carolina.

Section 5. No solid panel fences may be erected closer to any street line than the corner of the house closest to the street line. No wire fences of any description shall be permitted closer to any street line than the corner of the house closest to the street line. No fences made of concrete block or what is commonly known as "chicken wire" shall be permitted anywhere on the lot. No fence shall exceed six feet (6') in height. Only ornamental fences (e.g., split rail fences, or fences through which there is at least 75% visibility) not to exceed three feet (3') in height may be erected between the house and the street lines. Fences on the rear of the house situated on interior lots must be attached to the rear corner of the house and must extend toward the side lines. Rear fences may be solid wood or vinyl, not to exceed six feet (6'), or wood or vinyl picket, split rail with welded wire mesh or chain link not to exceed four feet (4') in height. On corner lots, the

fence must extend from the rear corner of the house closest to the side street and extend to the rear lot line. On the opposite corner the fence can extend to the interior side property line before turning to the rear lot line.

Section 6. Television satellite or dish antennae having a diameter in excess of twenty-two inches (22") are prohibited. All dishes are to be placed on the rear of the house or to the side of the house within five feet (5') of the rear corner of the house.

Section 7. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on the property.

Section 8. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery shall be placed or allowed to remain on said property for over thirty-five (35) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage. Commercial vehicles, camper trailers, trailers, and/or boats shall be stored at the rear of the residence and shall be within the yard set-backs. If more than two of the above non-private vehicles, trailers or boats are stored on any lot, they shall be screened from view of other lots.

Section 9. No trailer, tent, shack, garage, barn or similar type outbuilding shall be placed, erected or allowed to remain on said property without the written consent of Riverbrooke, LLC, its successors and/or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently, or otherwise.

Section 10. Only break-away mailboxes provided by the builder may be constructed in the subdivision, it being the intention of the Developer to preclude the erection of permanently constructed mailboxes in the North Carolina State Right-Of-Way areas.

Section 11. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 12. The invalidation of any one or more, or any part of any one or more, of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof.

Section 13. No animals or poultry of any kind, except common pets, shall be placed or kept on any part of the premises. No breed of dogs that may be perceived by members of the general public as being dangerous or having a propensity for being dangerous, including, but not limited to, pit bulls, rottweilers, Dobermans, chows, and German shepherds, nor any dog whose lineage includes any part of any of said breeds, nor any dog that has at any time bitten a person, nor any dog that has been trained as an attack dog, shall be permitted on the premises unless such dog is at all times confined

within fencing as follows: Refer to Section 5 for the approved location and types of fences. The aforementioned dangerous breeds of dogs must be contained in a double fence when outside the residence. The outer fence shall be a solid panel privacy fence six (6) feet tall. There shall be an interior fence that totally contains the animal or animals running parallel to the privacy fence at a distance of not less than five (5) feet from the outer fence at any point, including the points where the outer fence joins the residence. The inner fence shall comply with Section 5 and shall be six (6) feet tall. Under no circumstances shall the animal or animals be allowed outside the interior fence. Dogs described above must remain in the yard at all times. They cannot be walked or exercised in the neighborhood at any time.

It is the intent of these covenants to hide dog houses or dog containment structures from public view. Other than the dual fences described above, any dog house or dog containment structure for any type of dog not fully contained inside a privacy fence must be located to the rear of the principal structure and must be located within thirty feet (30') of the rear of the main structure. No such permitted dog house or dog containment structure or system shall be placed, erected, or maintained closer to any street than the rear corner or side of the principal dwelling structure on improved lots or closer to any street than the set-back line on any vacant lot, and in no event closer to any street than thirty feet (30'). On improved corner lots, no dog house or dog containment structure or system shall be placed any closer to the street than the rear corner of the principal dwelling structure closest to the street, or, on vacant lots, closer to any street than the set-back line, and in no event closer to an street than thirty feet (30').

ARTICLE III
UTILITY AND UTILITY AND DRAINAGE EASEMENTS

Section 1. Developer reserves the right to subject the real property in this entire subdivision to a contract with Public Utility Provider(s) for the installation of overhead and/or underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to such Public Utility Provider(s) by the owner of each lot. Developer and its successors in title may devote any lot or portion thereof, not already sold, for any construction and uses which it, in its discretion, deems necessary in order to provide the subdivision with utilities.

Section 2. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage, or which may obstruct or retard the flow of water. All areas indicated as streets and easements on the recorded plat are hereby dedicated to public use for such uses forever except side yard easements which are for the use and benefit of those persons and lots as described herein.

ARTICLE IV
ASSOCIATIONAL DEFINITIONS

Section 1.1 "Annual Organizational Board Meeting" means the annual. Organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2. "Annual Meeting" means the annual meeting of the Members held in Hoke County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3. "Articles" or "Articles of Incorporation" shall mean those articles filed with the Secretary of State of North Carolina, incorporating Riverbrooke of Hoke Homeowners Association, Inc. as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4. "Assessments" mean Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments, and Fine Assessments.

Section 1.5. "Association" shall mean and refer to Riverbrooke of Hoke Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and/or assigns.

Section 1.6. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.7. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8. "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.9. "Class B. Members" shall mean as defined in Section 4.5.2 below.

Section 1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, the Recreational Facilities Easement Agreement, the Roadway Declaration and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.11. "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets, including any dedicated streets prior to their acceptance for public maintenance, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, the Recreational

Facilities and parcels designated on the Subdivision plat as "Park" (unless such parks are later dedicated to the public by a subsequent dedication plat or conveyance), "COS," "Open Space," "Alley", Private swimming pools, clubhouse, or any other recreational facilities, "Common Area" or reserved as an access drive or private street.

Section 1.12. "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation hereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefore; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefor. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to, private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.13. "Declarant" or "Developer" shall mean and refer to Riverbrooke, LLC, a North Carolina limited liability company, its successors and/or assigns as a Declarant.

Section 1.14. "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.15. "Development Period" means the period commencing on the date on which this Declaration is recorded in the office of the Hoke County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date the Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording this Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16. "Dwelling Unit" shall mean and refer to the individual family living unit on an individual Lot.

Section 1.17. "Fine Assessment" means the charge established by Section 5.4.2 of this Declaration.

Section 1.18. "Individual Assessment" means the charge established by Section 5.3 of this Declaration.

Section 1.19. "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Dwelling Unit has been or is to be constructed.

Section 1.20. "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.21. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.22. "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.23. "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same be amended from time to time.

Section 1.24. "Property" or "Subdivision" shall mean and refer to that certain real estate described in the Plat entitled as RIVERBROOKE, SECTION TWO, per plat of same duly recorded in Plat Cabinet 3, Slide 3-99, Map 005, Hoke County, North Carolina, Registry, as the same may be amended or supplemented by Declarant from time to time.

Section 1.25. "Recreational Facilities" shall mean and refer to the common community and recreational facilities located upon the Property and so designated on any recorded Plat of Riverbrooke, including, but not limited to, the play area, clubhouse (including exercise room) and the related grounds, landscaping and improvements located or to be located thereon.

Section 1.26. "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.27. "Resident" shall mean and refer to any person, not an Owner, living in the Owner's Dwelling Unit, including, but not limited to, temporary guests and Tenants.

Section 1.28. "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration, along with any Restrictions recorded for subdivisions within Riverbrooke.

Section 1.29. "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.30. "Special Assessment" means the charge established by Section 5.2 of this Declaration.

Section 1.31. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE V
PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE VI
PROPERTY RIGHTS IN COMMON AREAS

Section 3.1. Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for period not to exceed sixty (60) days for each such infraction, or for a non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations

limiting guests of Owners and Tenants who may use the Common Areas at any one time;

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including, without limitation, the Recreational Facilities Easement Agreement and the Roadway Declaration;

3.1.4 The right of the Association to grant permits, licenses, and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property;

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.

Section 3.2. Extention of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3. Title To Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance as well as to restrictions, conditions, limitations, and easements of record.

Section 3.4. Use Of Common Areas By Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales, and similar purposes until all of the Lots have been sold.

ARTICLE VII
HOWEOWNERS ASSOCIATION

Section 4.1. Homeowners Association. There is or will be created a North Carolina nonprofit corporation , known as Riverbrooke of Hoke Homeowners Association, Inc., which shall be responsible for the maintenance, management, and control of the Common Areas and upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

Section 4.2. Board of Directors and Officers. The Board of Directors and such officers as the Members may elect or appoint in accordance with the Articles or the Bylaws shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents, who shall, subject to

the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3. Rules and Regulations. By a majority vote of the Board of Directors, the Association may from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended, or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4. Membership of Association. Every Owner of a Lot in the Subdivision shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's Board. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5. Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the property shall automatically be a Class A Member of the Association, except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion 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. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 Class B Members. The Class B Member during the Development Period shall be the Declarant, its successors and/or assigns. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.5.3 Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6. Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement, and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; (c) the Recreational Facilities; (d) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Dwelling Unit, and (e) all drainage easements and ditches and any drainage water retention pond.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7. Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner must comply with the Rules and Regulations of the Association, including architectural control and visual harmony.

4.7.2 To perform his responsibilities in such manner so as not to unreasonably disturb other persons residing within the Subdivision.

4.7.3 Not to impair the use of any easement without first obtaining the written consent of the Association and of the Owner or Owners for whose benefit such easement exists.

4.7.4 Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent

act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee, family member, including, but not limited to, any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant, or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.3 and Section 7.7 below.

Section 4.8. Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they respectively are responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor, but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if Association does not have the means or the funds to repair the defect or, if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.9. Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing hiss or her obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

ARTICLE VIII
COVENANT FOR ASSESSMENTS

Section 5.1. Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in

the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The minimum annual regular assessment shall be $100.00, billed on a semi-annual basis.

Section 5.2. Special Assessments. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) for any one item or in excess of Fifty Thousand and No/100 ($50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant occurs. AS of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers ("CPI-U"), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as maybe published by any other nationally recognized publisher or similar statistical information gathered by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date (s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligation to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling Unit located upon the Lot that is occupied as a residence.

Section 5.3. Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, , his family, his pet(s), tenant, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair, or replacement done, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.4. Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.4.1 The annual Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Dwelling Unit to the Owner. The Declarant, its successors and/or assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the annual Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year. Written notice of the annual Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the date due.

5.4.2 The Board of Directors, or any adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment, and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.4.3 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.4.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.5. Billing. The Association shall inform each Lot Owner of the Amount of the total Regular Assessment due from the Owner of that particular Lot. This Regular Assessment shall be paid in one annual installment. The Owner of each Lot must pay his Lot's required Regular Assessment in advance of the first calendar day of each year, unless the Association otherwise directs. Payment is to be made to such person at such an address as the Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner.

Section 5.6. Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.7. Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments, i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.8. Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. Al books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.9. Non-Payment of Assessment. Any Assessments levied pursuant to these covenants which are not paid on the date when due shall be delinquent and shall, together with interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by the Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs, and reasonable attorney's fees shall be added to the amount of each Assessment and be subject to the lien thereof. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.10. Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Hoke County, North Carolina, and may be foreclosed in the same manner as a mortgage or deed of trust on real property under

power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.11. Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring an action in the appropriate court of law.

Section 5.12. Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.13. Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage, first deed of trust, or deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Hoke County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.14. Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance, and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs, and reasonable attorney's fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.15. Late Charges. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and no/100 dollars ($20.00) or (b) twenty percent (20%) of the delinquent amount, or such other amount as allowed by law.

Section 5.16.

5.16.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.16.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration.

5.16.3 The Assessment lien includes, without limitation, all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.16.4 No Owner of a Lot may exempt himself or herself from liability of his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

5.16.5 This Section 5.16 applies to every type of Assessment.

ARTICLE IX
EASEMENTS AND ENCUMBRANCES

Section 6.1. Easements for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2. Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing,

and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3. Utility Easements. Easements are reserved hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision of this Article 6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney-in-fact, coupled with any interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

Section 6.4. General Easements. An easement is herby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing improvements located thereon and otherwise dealing with the Common Areas, Lots and/or Dwelling Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of the Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.

Section 6.5. Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress an egress to and from any such Lot over the Common Areas, to and from a public thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6. Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction, or disturbance. Before

beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restriction is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

Section 6.7. Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successors and assigns, to enter upon the Subdivision for access, including ingress an egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that is located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Subdivision.

Section 6.8. Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment, or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision, including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9. Roadway Easement. Declarant has reserved for the benefit of and hereby grants to all Lot Owners the non-exclusive right of ingress and egress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which private roadways extend from one or more publicly dedicated streets. Roadways other than those (if any) that have been accepted by applicable governmental authorities for maintenance, constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Road way shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved.

Section 6.10. Declarant's Easements: General. The easements and grants reserved for an granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guest, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Subdivision.

Section 6.11. Easements to Run with the Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12. Reference to Easements and Deeds. Reference in the respective deeds of conveyance or other mortgage or trust deed or other evidence of obligation to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in such instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

Section 6.13. Progress Energy Easement. To the extent that a utility easement has been granted to Progress Energy to construct, intall, operate, utilize, inspect, rebuild, repair, replace, remove, and maintain overhead and/or underground facilities consisting of electric, communication, or other related faciliteis within the granted easement area, such rights shall include:

A. the right of officers, agents, and workment of Progress Energy and its contractors to go to and from said easement area at all times over the lands described in the said easement by such route or routes, including private roads and ways then existing theron, on foot or by conveyance, with marterials, machinery, supplies, and equipment as may be desirable; provided that, except in emergencies, existing roads and ways theron shall be used to the extent that they afford ingress and egress to and from said easement area; and to construct, reconstruct, work upon, repair, alter, inspect and in general do any other thing necessary or convenient to maintain and operate said facilities for the purpose aforesaid;

B. the right to install and maintain guys, anchors, grounding, counterpoles, and appurtenant devices, together with the right to intall at the angle points of the overhead facilities , guy wires, and guy anchors outside of said easement area for the support of the structures of said overhead facilities

ARTICLE X
INSURANCE

Section 7.1. General Insurance. In addition to such insurance as is required to be maintained by the Association pursuant to the Recreational Facilities Easement Agreement, the Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof in accordance with the following provisions:

7.1.1 The Association shall purchase a master policy for the benefit of the Association, the Lot Owners and their mortgagees as their interests may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

7.1.2 All Common Areas now or at any time hereafter constituting a part of the Subdivision shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred percent (100%) of the replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation, and architect's fees, without deduction for depreciation. The policy shall have cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water, and the overflow of a body of water) and agreed amount endorsements and a deductible on any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs but higher per loss risk resulting from a high deductible, together with all other pertinent factors. The policy providing such coverage shall provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt. Such policy shall provide coverage for built-in fixtures and equipment in an amount not less than one hundred percent (100%) of the replacement cost thereof (subject to the deductible provisions described above) and shall also provide that the insurer shall have no right to contribution from any insurance which might be purchased by any Lot Owner as hereinafter permitted. Such policy shall also contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission or neglect of any person unless such act, omission or neglect is

within the knowledge and control of the Association prior to the occurrence of the loss. Such policy shall not provide coverage for any items of personal property owned by any Lot Owner.

7.1.3 Such master policy of insurance shall contain provisions requiring issuance of certificates of coverage and the issuance of written notice to the Association and to any mortgagee or mortgagees of any Lot Owner not less than thirty (30) days prior to any expiration, substantial modification or cancellation of such coverage.

7.1.4 Such insurance by the Association shall not prevent an Owner of a Lot from obtaining insurance on his own property, but no Lot Owner may at any time purchase individual policies of insurance covering any item which the Association is required to insure. If any Lot Owner does purchase such a policy, he shall be liable to the Association for any damages, expenses, or losses which it suffers or incurs as a result thereof, and the Association shall have the same lien rights provided by Article V hereof for Common Expense payments with respect to any such damages, expenses or losses not paid to it by such Owner.

7.1.5 The Board of Directors shall review the insurance coverage required under this Section 7.1 at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

7.1.6 If the required insurance coverage under this Section 7.1 ceases to exist for any reason whatsoever, any mortgagee of any portion of the Subdivision may remedy that lack of insurance by purchasing policies to supply that insurance coverage. The funds so advanced shall be deemed to have been loaned to the Association, shall bear interest at a per annum rate of two percent (2%) higher than the basic interest rate in any note secured by the mortgagee's mortgage against a portion of the Subdivision, and shall be due and payable to the mortgagee by the Association immediately. The repayment of this obligation shall be secured by a Special Assessment against all Lot Owners under Article V of this Declaration and shall not require a vote of the Members of the Association, anything to the contrary in this Declaration notwithstanding.

7.1.7 The Association shall also maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. The Association shall try to have it liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Lot Owners, individually and as a group (arising out of their ownership interest in the Common Areas), to another Lot Owner.

Section 7.2. Fidelity Insurance. The Association may have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total Regular Assessment, plus all accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.3. Director's and Officers' Errors and Omissions Insurance. The Association shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present, against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit, or proceeding, civil or criminal, in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty to the Association, or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be reasonably determined by the Association.

Section 7.4. Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Lot Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.7 herein.

Section 7.5. Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their interests may appear; provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6. Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the

Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing. Any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7. Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling Unit, or the contents of and Lot or Dwelling Unit nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fir and extended coverage insurance on his Dwelling Unit, and the contents of his Dwelling Unit. The Association may request the Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of (a) the insurance deductible due under the Association's insurance policy, or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s) or twenty (20) days after mailing such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

Section 7.8. Release. All policies purchased under this Article VII by either the Association or the individual Lot Owners shall provide for the release by the issuer thereof of any rights of subrogation or assignment and all causes and rights of recovery against any Lot Owners, member of their family, their employees, their tenants, servants, agents and guests, the Association, any employee of the Association, the Board, or any occupant of a Dwelling Unit in the Subdivision, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 7.9. Deleted

Section 7.10. Additional Policy Requirements. All such insurance coverage obtained by the Association shall be written in the name of the Association for the use and benefit of the Association, the Lot Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

7.10.1 Exclusive authority to adjust losses under policies in force on the Subdivision obtained by the Association shall be vested in the Board, provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto

7.10.2 In no event shall the insurance coverage obtained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

7.10.3 All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

7.10.4 The Association shall be required to make every reasonable effort to secure insurance policies that provide for the following:

7.10.5 A waiver of subrogation as discussed in Section 7.8;

7.10.6 That no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;

7.10.7 That no policy may be canceled, invalidated, or suspended on account of the conduct of any Director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee; and

7.10.8 That any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

ARTICLE XI
ASSOCIATION

Section 8.1. Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited to, the powers and responsibilities to make prudent investment of funds held by it; to make reasonable Rules and Regulation; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; toe enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in Section 47F-3-102 of the Planned Community Act.

Section 8.2. Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors. The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 8.3. Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Dwelling Units. The Association does not warrant in any way or for any purpose the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2 The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any evaluation of the reasonableness of the Association's response must allow for the fact that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE XII
MORTGAGEE'S RIGHTS

Section 9.1. Notice of Rights of Mortgagee of a Lot. As used herein, the term "mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association with its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article IX. A Mortgagee of a Lot shall be entitled to receive written notification of any default, not cured within sixty (60) days after its occurrence, by the Owner of the Lot with respect to any obligation of the Owner under the Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association. Any Mortgagee of a Lot can make the request for notification. The notification shall be sent not later than the 65th day after the occurrence of any uncured Default.

Section 9.2. Rights of First Refusal. Any right of first refusal now or hereafter contained in this Declaration or any amendment or modification hereto or otherwise arising in favor of the Association or certain Owners shall not apply to or preclude or impair in any way the right of the first Mortgagee to (i) foreclose or take title to the Lot pursuant to the remedies provided in its mortgage; (ii) accept a deed or assignment in lieu of foreclosure in the event of a default under the Mortgage; or (iii) sell or lease a Lot and Dwelling Unit acquired by the Mortgagee.

Section 9.3. Rights of Mortgagee. Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder so approve, the Association shall not:

9.3.1 by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon which are owned directly or indirectly by the Association for the benefit of the Lots (the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision, or the conveyance of Commons Area, not including the Recreational Facilities, to a local governmental authority for public park purposes or the conveyance or dedication of the Roadways shall not be deemed a transfer within the meaning of this clause);

9.3.2 Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot:

9.3.3 By act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwelling Units, the exterior

maintenance of the Dwelling Units, the maintenance of the common fences or driveways or the upkeep of lawns and plantings in the Subdivision;

9.3.4 Fail to maintain fire and extended coverage insurance on insurable Common Areas on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

9.3.5 Use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 9.4. Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 9.5. Taxes and Insurance.

A. Any City of Raeford and/or County of Hoke ad valorem taxes on the Common Area shall be the responsibility of and paid by the homeowners association (as set out in the Declaration) from the assessments provided for under and subject to all provisions of the Declaration including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public improvements, which continues for a period of six months, each owner of a building site in the development shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of building sites. If not paid by the owner within thirty days, said sum shall become a continuing lien and taxing or assessing governmental authority may either bring an action at law against the owner personally obligated to pay the same or elect to foreclose the lien.

B. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Lot and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Lot, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Lot Owner.

Section 9.6. Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting title to the Property,

Common Areas, any Lot or the organization or operation of the Association shall give an Owner or any other party priority over any rights of the first mortgagees of Lots within the Subdivision pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking the Common Areas.

ARTICLE XII
NON-DEDICATED STREETS

Section 10.1. Use. All non-dedicated streets constructed within the Subdivision are reserved as easements of access for the common use of Owners and their families, guest, and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress and egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage as well as for natural gas, electricity or any other utility. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 10.2. Snow Removal, Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide snow removal from, maintenance to and resurfacing or reconstruction of any non-dedicated streets or any storm water drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

ARTICLE XIII
GENERAL PROVISIONS

Section 1. Enforcement. So long as Developer is an owner of a lot shown on the plat, Developer, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictive Covenants. Failure by the Developer or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Amendment. These Restrictive Covenants shall run with and bind the land, and shall inure to the benefit of and be enforceable by the owner of any lot subject to these Restrictive Covenants, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date these Restrictive Covenants are recorded, after which time said covenants shall be automatically extended

for successive periods of ten (10) years. These Restrictive Covenants may be amended by the Developer while Developer continues to own any lot in the subdivision, by the change being approved by the written consent of Developer during the first twenty (20) year period.

Section 3. In the event of any conflict between the provisions of these Covenants and any applicable provisions of the Hoke County Ordinances, the provisions of the Hoke County Ordinances shall control.

IN WITNESS WHEREOF, Riverbrooke, LLC, the Developer herein, has caused this Declaration to be signed in its name the day and year first above written.

RIVERBROOKE, LLC

By: _____ (SEAL)
H & & Investments, Inc., Member/Manager
D. Ralph Huff, III, President

By: _____ (SEAL)
Caviness & Cates Building and
Development Company f/k/a Caviness &
Cates Development, Inc., Member/Manager
Watson G. Caviness, President

North Carolina
CUMBERLAND County

I, the undersigned Notary Public for the above stated county and state, hereby certify that D. Ralph Huff III personally appeared before me this date and, being first duly sworn, acknowledged that he is President of H & & Investments, Inc., a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 4 day of May, 2010.

SHERRI S BLIGHT NOTARY PUBLIC CUMBERLAND COUNTY, NC

Sherri S Blight
Notary Public

My Commission Expires:
FEB 4 2011

North Carolina
CUMBERLAND County

I, the undersigned Notary Public for the above stated county and state, hereby certify that Watson G. Caviness personally appeared before me this date and, being first duly sworn, acknowledged that he is President of Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc, a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 4 day of May, 2010..

Sherri S. Blight
Notary Public

My Commission Expires:
FEB 7 2011

SHERRI S BLIGHT NOTARY PUBLIC CUMBERLAND COUNTY, NC

BK:00950 PG:0710

FILED
HOKE COUNTY NC
ONNIE B. DUDLEY
REGISTER OF DEEDS

FILED	Jul 19, 2011
TIME	10:58:16 am
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Prepared By/Return To:
The Real Estate Law Firm
P.O. Drawer 53515
Raeford, NC 28305

NORTH CAROLINA

HOKE COUNTY

RESTRICTIVE COVENANTS
RIVERBROOKE, SECTION THREE

THIS DECLARATION, made this 14th day of July, 2011, by RIVERBROOKE, LLC, a North Carolina limited liability company, hereinafter referred to as "Developer."

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain property in Raeford Township, Hoke County, North Carolina, which is known as RIVERBROOKE, SECTION THREE,, per plat of same duly recorded in Plat Cabinet 4, Slide 4-26, Map 005, Hoke County, North Carolina, Registry.

NOW, THEREFORE, Developer hereby declares that all of the properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the 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 insure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "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 2. "Properties" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Lot" shall mean and refer to any of the Lots as shown on the plat entitled RIVERBROOKE, SECTION THREE per plat of same duly recorded in Plat Cabinet 4, Slide 4-26, Map 005, Hoke County, North Carolina, Registry.

Section 4. "Association" shall mean and refer to the Riverbrooke of Hoke Homeowners Association, Inc., a nonprofit corporation organized and existing under the laws of the state of North Carolina.

ARTICLE II
USE RESTRICTIONS

Section 1. All Lots shall be used for residential purposes only and shall not be used for any business or commercial purposes; provided, however, that Developer reserves the right to use any Lot and any improvement thereon owned by Developer as a model home with sales office. Group family homes are prohibited.

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said lots except one detached single family dwelling of not more than two and one-half stories in height, a private garage for not more than three cares and other outbuildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. Manufactured metal buildings may also be placed on the lot for storage to the rear of the family dwelling. No mobile home (Class A or B) or modular home shall be allowed on any lot to which these covenants apply.

Section 3. No dwelling shall be erected or allowed to remain on any of the said lots which shall contain a heated-area living space of less than one thousand (1000) square feet. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless of size or purposes, whether attached to or detached from the main residence, shall be commenced, place, erected or allowed to remain on any building lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building

plans and specifications covering the same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes with paint samples, location and orientation on the building lot and approximate square footage, construction schedule, on-site sewage and water facilities, and such other information as the Developer shall require, including, if so required, plans for the grading and contours of the land, have been submitted to and approved in writing by the Developer and until a copy of all such plans and specifications, as finally approved by the Developer, have been lodged permanently with the Developer. The Developer shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the developer of said land or contiguous lands. In passing upon such building plans and specifications and lot-grading and landscaping plans, the Developer may take into consideration the suitability and desirability of the proposed construction and of the materials of which the same are proposed to be built to the building lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Developer fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Developer shall be presumed and the provisions of this paragraph shall be deemed to have been complied with. However, no residence or other building, structure or improvements which violates any of the covenants and restrictions herein contained or which is not in harmony with the surrounding neighborhood and the existing structures therein, shall be erected or allowed to remain on any part of that lot. All driveways shall be constructed of concrete.

Section 4. All structures shall comply with (i) the Hoke County ordinances with regard to the set-back requirements, and (ii) such set-back requirements as are set forth on the plats of RIVERBROOKE, SECTION THREE, as hereinbefore described or as may hereafter be recorded. When consistent with the zoning ordinances, the building line set-back as provided for in this paragraph may be varied by as much as ten (10) percent with the express consent of the Developer, which said consent document need not be on record in the Office of the Register of Deeds, Hoke County, North Carolina.

Section 5. No solid panel fences may be erected closer to any street line than the corner of the house closest to the street line. No wire fences of any description shall be permitted closer to any street line than the corner of the house closest to the street line. No fences made of concrete block or what is commonly known as "chicken wire" shall be permitted anywhere on the lot. No fence shall exceed six feet (6') in height. Only ornamental fences (e.g., split rail fences, or fences through which there is at least 75% visibility) not to exceed three feet (3') in height may be erected between the house and the street lines. Fences on the rear of the house situated on interior lots must be attached to the rear corner of the house and must extend toward the side lines. Rear fences may be solid wood or vinyl, not to exceed six feet (6'), or wood or vinyl picket, split rail with welded wire mesh or chain link not to exceed four feet (4') in height. On corner lots, the

fence must extend from the rear corner of the house closest to the side street and extend to the rear lot line. On the opposite corner the fence can extend to the interior side property line before turning to the rear lot line.

Section 6. Television satellite or dish antennae having a diameter in excess of twenty-two inches (22") are prohibited. All dishes are to be placed on the rear of the house or to the side of the house within five feet (5') of the rear corner of the house.

Section 7. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on the property.

Section 8. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery shall be placed or allowed to remain on said property for over thirty-five (35) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage. Commercial vehicles, camper trailers, trailers, and/or boats shall be stored at the rear of the residence and shall be within the yard set-backs. If more than two of the above non-private vehicles, trailers or boats are stored on any lot, they shall be screened from view of other lots.

Section 9. No trailer, tent, shack, garage, barn or similar type outbuilding shall be placed, erected or allowed to remain on said property without the written consent of Riverbrooke, LLC, its successors and/or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently, or otherwise.

Section 10. Only break-away mailboxes provided by the builder may be constructed in the subdivision, it being the intention of the Developer to preclude the erection of permanently constructed mailboxes in the North Carolina State Right-Of-Way areas.

Section 11. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 12. The invalidation of any one or more, or any part of any one or more, of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof.

Section 13. No animals or poultry of any kind, except common pets, shall be placed or kept on any part of the premises. No breed of dogs that may be perceived by members of the general public as being dangerous or having a propensity for being dangerous, including, but not limited to, pit bulls, rottweilers, Dobermans, chows, and German shepherds, nor any dog whose lineage includes any part of any of said breeds, nor any dog that has at any time bitten a person, nor any dog that has been trained as an attack dog, shall be permitted on the premises unless such dog is at all times confined

within fencing as follows: Refer to Section 5 for the approved location and types of fences. The aforementioned dangerous breeds of dogs must be contained in a double fence when outside the residence. The outer fence shall be a solid panel privacy fence six (6) feet tall. There shall be an interior fence that totally contains the animal or animals running parallel to the privacy fence at a distance of not less than five (5) feet from the outer fence at any point, including the points where the outer fence joins the residence. The inner fence shall comply with Section 5 and shall be six (6) feet tall. Under no circumstances shall the animal or animals be allowed outside the interior fence. Dogs described above must remain in the yard at all times. They cannot be walked or exercised in the neighborhood at any time.

It is the intent of these covenants to hide dog houses or dog containment structures from public view. Other than the dual fences described above, any dog house or dog containment structure for any type of dog not fully contained inside a privacy fence must be located to the rear of the principal structure and must be located within thirty feet (30') of the rear of the main structure. No such permitted dog house or dog containment structure or system shall be placed, erected, or maintained closer to any street than the rear corner or side of the principal dwelling structure on improved lots or closer to any street than the set-back line on any vacant lot, and in no event closer to any street than thirty feet (30'). On improved corner lots, no dog house or dog containment structure or system shall be placed any closer to the street than the rear corner of the principal dwelling structure closest to the street, or, on vacant lots, closer to any street than the set-back line, and in no event closer to an street than thirty feet (30').

ARTICLE III
UTILITY AND UTILITY AND DRAINAGE EASEMENTS

Section 1. Developer reserves the right to subject the real property in this entire subdivision to a contract with Public Utility Provider(s) for the installation of overhead and/or underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to such Public Utility Provider(s) by the owner of each lot. Developer and its successors in title may devote any lot or portion thereof, not already sold, for any construction and uses which it, in its discretion, deems necessary in order to provide the subdivision with utilities.

Section 2. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage, or which may obstruct or retard the flow of water. All areas indicated as streets and easements on the recorded plat are hereby dedicated to public use for such uses forever except side yard easements which are for the use and benefit of those persons and lots as described herein.

ARTICLE IV
ASSOCIATIONAL DEFINITIONS

Section 1.1 "Annual Organizational Board Meeting" means the annual. Organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2. "Annual Meeting" means the annual meeting of the Members held in Hoke County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3. "Articles" or "Articles of Incorporation" shall mean those articles filed with the Secretary of State of North Carolina, incorporating Riverbrooke of Hoke Homeowners Association, Inc. as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4. "Assessments" mean Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments, and Fine Assessments.

Section 1.5. "Association" shall mean and refer to Riverbrooke of Hoke Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and/or assigns.

Section 1.6. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.7. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8. "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.9. "Class B. Members" shall mean as defined in Section 4.5.2 below.

Section 1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, the Recreational Facilities Easement Agreement, the Roadway Declaration and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.11. "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets, including any dedicated streets prior to their acceptance for public maintenance, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, the Recreational

Facilities and parcels designated on the Subdivision plat as "Park" (unless such parks are later dedicated to the public by a subsequent dedication plat or conveyance), "COS," "Open Space," "Alley", Private swimming pools, clubhouse, or any other recreational facilities, "Common Area" or reserved as an access drive or private street.

Section 1.12. "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation hereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefore; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefor. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to, private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.13. "Declarant" or "Developer" shall mean and refer to Riverbrooke, LLC, a North Carolina limited liability company, its successors and/or assigns as a Declarant.

Section 1.14. "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.15. "Development Period" means the period commencing on the date on which this Declaration is recorded in the office of the Hoke County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date the Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording this Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16. "Dwelling Unit" shall mean and refer to the individual family living unit on an individual Lot.

Section 1.17. "Fine Assessment" means the charge established by Section 5.4.2 of this Declaration.

Section 1.18. "Individual Assessment" means the charge established by Section 5.3 of this Declaration.

Section 1.19. "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Dwelling Unit has been or is to be constructed.

Section 1.20. "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.21. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.22. "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.23. "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same be amended from time to time.

Section 1.24. "Property" or "Subdivision" shall mean and refer to that certain real estate described in the Plat entitled as RIVERBROOKE, SECTION THREE, per plat of same duly recorded in Plat Cabinet 4, Slide 4-26, Map 005, Hoke County, North Carolina, Registry, as the same may be amended or supplemented by Declarant from time to time.

Section 1.25. "Recreational Facilities" shall mean and refer to the common community and recreational facilities located upon the Property and so designated on any recorded Plat of Riverbrooke, including, but not limited to, the play area, clubhouse (including exercise room) and the related grounds, landscaping and improvements located or to be located thereon.

Section 1.26. "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.27. "Resident" shall mean and refer to any person, not an Owner, living in the Owner's Dwelling Unit, including, but not limited to, temporary guests and Tenants.

Section 1.28. "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration, along with any Restrictions recorded for subdivisions within Riverbrooke.

Section 1.29. "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.30. "Special Assessment" means the charge established by Section 5.2 of this Declaration.

Section 1.31. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE V
PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE VI
PROPERTY RIGHTS IN COMMON AREAS

Section 3.1. Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for period not to exceed sixty (60) days for each such infraction, or for a non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations

limiting guests of Owners and Tenants who may use the Common Areas at any one time;

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including, without limitation, the Recreational Facilities Easement Agreement and the Roadway Declaration;

3.1.4 The right of the Association to grant permits, licenses, and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property;

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.

Section 3.2. Extention of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3. Title To Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance as well as to restrictions, conditions, limitations, and easements of record.

Section 3.4. Use Of Common Areas By Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales, and similar purposes until all of the Lots have been sold.

ARTICLE VII
HOWEOWNERS ASSOCIATION

Section 4.1. Homeowners Association. There is or will be created a North Carolina nonprofit corporation , known as Riverbrooke of Hoke Homeowners Association, Inc., which shall be responsible for the maintenance, management, and control of the Common Areas and upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

Section 4.2. Board of Directors and Officers. The Board of Directors and such officers as the Members may elect or appoint in accordance with the Articles or the Bylaws shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents, who shall, subject to

the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3. Rules and Regulations. By a majority vote of the Board of Directors, the Association may from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended, or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4. Membership of Association. Every Owner of a Lot in the Subdivision shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's Board. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5. Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the property shall automatically be a Class A Member of the Association, except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion 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. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 Class B Members. The Class B Member during the Development Period shall be the Declarant, its successors and/or assigns. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.5.3 Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6. Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement, and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; (c) the Recreational Facilities; (d) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Dwelling Unit, and (e) all drainage easements and ditches and any drainage water retention pond.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7. Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner must comply with the Rules and Regulations of the Association, including architectural control and visual harmony.

4.7.2 To perform his responsibilities in such manner so as not to unreasonably disturb other persons residing within the Subdivision.

4.7.3 Not to impair the use of any easement without first obtaining the written consent of the Association and of the Owner or Owners for whose benefit such easement exists.

4.7.4 Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent

act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee, family member, including, but not limited to, any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant, or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.3 and Section 7.7 below.

Section 4.8. Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they respectively are responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor, but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if Association does not have the means or the funds to repair the defect or, if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.9. Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing hiss or her obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

ARTICLE VIII
COVENANT FOR ASSESSMENTS

Section 5.1. Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in

the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The minimum annual regular assessment shall be $100.00, billed on a semi-annual basis.

Section 5.2. Special Assessments. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) for any one item or in excess of Fifty Thousand and No/100 ($50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant occurs. AS of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers ("CPI-U"), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as maybe published by any other nationally recognized publisher or similar statistical information gathered by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date (s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligation to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling Unit located upon the Lot that is occupied as a residence.

Section 5.3. Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, , his family, his pet(s), tenant, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair, or replacement done, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.4. Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.4.1 The annual Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Dwelling Unit to the Owner. The Declarant, its successors and/or assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the annual Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year. Written notice of the annual Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the date due.

5.4.2 The Board of Directors, or any adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment, and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.4.3 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.4.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.5. Billing. The Association shall inform each Lot Owner of the Amount of the total Regular Assessment due from the Owner of that particular Lot. This Regular Assessment shall be paid in one annual installment. The Owner of each Lot must pay his Lot's required Regular Assessment in advance of the first calendar day of each year, unless the Association otherwise directs. Payment is to be made to such person at such an address as the Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner.

Section 5.6. Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.7. Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments, i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.8. Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. Al books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.9. Non-Payment of Assessment. Any Assessments levied pursuant to these covenants which are not paid on the date when due shall be delinquent and shall, together with interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by the Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs, and reasonable attorney's fees shall be added to the amount of each Assessment and be subject to the lien thereof. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.10. Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Hoke County, North Carolina, and may be foreclosed in the same manner as a mortgage or deed of trust on real property under

power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.11. Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring an action in the appropriate court of law.

Section 5.12. Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.13. Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage, first deed of trust, or deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Hoke County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.14. Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance, and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs, and reasonable attorney's fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.15. Late Charges. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and no/100 dollars ($20.00) or (b) twenty percent (20%) of the delinquent amount, or such other amount as allowed by law.

Section 5.16.

5.16.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.16.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration.

5.16.3 The Assessment lien includes, without limitation, all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.16.4 No Owner of a Lot may exempt himself or herself from liability of his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

5.16.5 This Section 5.16 applies to every type of Assessment.

ARTICLE IX
EASEMENTS AND ENCUMBRANCES

Section 6.1. Easements for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2. Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing,

and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3. Utility Easements. Easements are reserved hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision of this Article 6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney-in-fact, coupled with any interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

Section 6.4. General Easements. An easement is herby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing improvements located thereon and otherwise dealing with the Common Areas, Lots and/or Dwelling Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of the Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.

Section 6.5. Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress an egress to and from any such Lot over the Common Areas, to and from a public thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6. Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction, or disturbance. Before

beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restriction is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

Section 6.7. Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successors and assigns, to enter upon the Subdivision for access, including ingress an egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that is located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Subdivision.

Section 6.8. Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment, or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision, including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9. Roadway Easement. Declarant has reserved for the benefit of and hereby grants to all Lot Owners the non-exclusive right of ingress and egress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which private roadways extend from one or more publicly dedicated streets. Roadways other than those (if any) that have been accepted by applicable governmental authorities for maintenance, constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Road way shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved.

Section 6.10. Declarant's Easements: General. The easements and grants reserved for an granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guest, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Subdivision.

Section 6.11. Easements to Run with the Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12. Reference to Easements and Deeds. Reference in the respective deeds of conveyance or other mortgage or trust deed or other evidence of obligation to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in such instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

Section 6.13. Progress Energy Easement. To the extent that a utility easement has been granted to Progress Energy to construct, intall, operate, utilize, inspect, rebuild, repair, replace, remove, and maintain overhead and/or underground facilities consisting of electric, communication, or other related faciliteis within the granted easement area, such rights shall include:

A. the right of officers, agents, and workment of Progress Energy and its contractors to go to and from said easement area at all times over the lands described in the said easement by such route or routes, including private roads and ways then existing theron, on foot or by conveyance, with marterials, machinery, supplies, and equipment as may be desirable; provided that, except in emergencies, existing roads and ways theron shall be used to the extent that they afford ingress and egress to and from said easement area; and to construct, reconstruct, work upon, repair, alter, inspect and in general do any other thing necessary or convenient to maintain and operate said facilities for the purpose aforesaid;

B. the right to install and maintain guys, anchors, grounding, counterpoles, and appurtenant devices, together with the right to intall at the angle points of the overhead facilities , guy wires, and guy anchors outside of said easement area for the support of the structures of said overhead facilities

ARTICLE X
INSURANCE

Section 7.1. General Insurance. In addition to such insurance as is required to be maintained by the Association pursuant to the Recreational Facilities Easement Agreement, the Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof in accordance with the following provisions:

7.1.1 The Association shall purchase a master policy for the benefit of the Association, the Lot Owners and their mortgagees as their interests may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

7.1.2 All Common Areas now or at any time hereafter constituting a part of the Subdivision shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred percent (100%) of the replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation, and architect's fees, without deduction for depreciation. The policy shall have cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water, and the overflow of a body of water) and agreed amount endorsements and a deductible on any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs but higher per loss risk resulting from a high deductible, together with all other pertinent factors. The policy providing such coverage shall provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt. Such policy shall provide coverage for built-in fixtures and equipment in an amount not less than one hundred percent (100%) of the replacement cost thereof (subject to the deductible provisions described above) and shall also provide that the insurer shall have no right to contribution from any insurance which might be purchased by any Lot Owner as hereinafter permitted. Such policy shall also contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission or neglect of any person unless such act, omission or neglect is

within the knowledge and control of the Association prior to the occurrence of the loss. Such policy shall not provide coverage for any items of personal property owned by any Lot Owner.

7.1.3 Such master policy of insurance shall contain provisions requiring issuance of certificates of coverage and the issuance of written notice to the Association and to any mortgagee or mortgagees of any Lot Owner not less than thirty (30) days prior to any expiration, substantial modification or cancellation of such coverage.

7.1.4 Such insurance by the Association shall not prevent an Owner of a Lot from obtaining insurance on his own property, but no Lot Owner may at any time purchase individual policies of insurance covering any item which the Association is required to insure. If any Lot Owner does purchase such a policy, he shall be liable to the Association for any damages, expenses, or losses which it suffers or incurs as a result thereof, and the Association shall have the same lien rights provided by Article V hereof for Common Expense payments with respect to any such damages, expenses or losses not paid to it by such Owner.

7.1.5 The Board of Directors shall review the insurance coverage required under this Section 7.1 at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

7.1.6 If the required insurance coverage under this Section 7.1 ceases to exist for any reason whatsoever, any mortgagee of any portion of the Subdivision may remedy that lack of insurance by purchasing policies to supply that insurance coverage. The funds so advanced shall be deemed to have been loaned to the Association, shall bear interest at a per annum rate of two percent (2%) higher than the basic interest rate in any note secured by the mortgagee's mortgage against a portion of the Subdivision, and shall be due and payable to the mortgagee by the Association immediately. The repayment of this obligation shall be secured by a Special Assessment against all Lot Owners under Article V of this Declaration and shall not require a vote of the Members of the Association, anything to the contrary in this Declaration notwithstanding.

7.1.7 The Association shall also maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. The Association shall try to have it liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Lot Owners, individually and as a group (arising out of their ownership interest in the Common Areas), to another Lot Owner.

Section 7.2. Fidelity Insurance. The Association may have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total Regular Assessment, plus all accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.3. Director's and Officers' Errors and Omissions Insurance. The Association shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present, against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit, or proceeding, civil or criminal, in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty to the Association, or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be reasonably determined by the Association.

Section 7.4. Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Lot Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.7 herein.

Section 7.5. Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their interests may appear; provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6. Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the

Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing. Any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7. Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling Unit, or the contents of and Lot or Dwelling Unit nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fir and extended coverage insurance on his Dwelling Unit, and the contents of his Dwelling Unit. The Association may request the Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of (a) the insurance deductible due under the Association's insurance policy, or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s) or twenty (20) days after mailing such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

Section 7.8. Release. All policies purchased under this Article VII by either the Association or the individual Lot Owners shall provide for the release by the issuer thereof of any rights of subrogation or assignment and all causes and rights of recovery against any Lot Owners, member of their family, their employees, their tenants, servants, agents and guests, the Association, any employee of the Association, the Board, or any occupant of a Dwelling Unit in the Subdivision, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 7.9. Deleted

Section 7.10. Additional Policy Requirements. All such insurance coverage obtained by the Association shall be written in the name of the Association for the use and benefit of the Association, the Lot Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

7.10.1 Exclusive authority to adjust losses under policies in force on the Subdivision obtained by the Association shall be vested in the Board, provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto

7.10.2 In no event shall the insurance coverage obtained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

7.10.3 All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

7.10.4 The Association shall be required to make every reasonable effort to secure insurance policies that provide for the following:

7.10.5 A waiver of subrogation as discussed in Section 7.8;

7.10.6 That no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;

7.10.7 That no policy may be canceled, invalidated, or suspended on account of the conduct of any Director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee; and

7.10.8 That any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

ARTICLE XI
ASSOCIATION

Section 8.1. Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited to, the powers and responsibilities to make prudent investment of funds held by it; to make reasonable Rules and Regulation; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; toe enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in Section 47F-3-102 of the Planned Community Act.

Section 8.2. Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors. The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 8.3. Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Dwelling Units. The Association does not warrant in any way or for any purpose the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2 The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any evaluation of the reasonableness of the Association's response must allow for the fact that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE XII
MORTGAGEE'S RIGHTS

Section 9.1. Notice of Rights of Mortgagee of a Lot. As used herein, the term "mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association with its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article IX. A Mortgagee of a Lot shall be entitled to receive written notification of any default, not cured within sixty (60) days after its occurrence, by the Owner of the Lot with respect to any obligation of the Owner under the Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association. Any Mortgagee of a Lot can make the request for notification. The notification shall be sent not later than the 65th day after the occurrence of any uncured Default.

Section 9.2. Rights of First Refusal. Any right of first refusal now or hereafter contained in this Declaration or any amendment or modification hereto or otherwise arising in favor of the Association or certain Owners shall not apply to or preclude or impair in any way the right of the first Mortgagee to (i) foreclose or take title to the Lot pursuant to the remedies provided in its mortgage; (ii) accept a deed or assignment in lieu of foreclosure in the event of a default under the Mortgage; or (iii) sell or lease a Lot and Dwelling Unit acquired by the Mortgagee.

Section 9.3. Rights of Mortgagee. Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder so approve, the Association shall not:

9.3.1 by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon which are owned directly or indirectly by the Association for the benefit of the Lots (the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision, or the conveyance of Commons Area, not including the Recreational Facilities, to a local governmental authority for public park purposes or the conveyance or dedication of the Roadways shall not be deemed a transfer within the meaning of this clause);

9.3.2 Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot:

9.3.3 By act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwelling Units, the exterior

maintenance of the Dwelling Units, the maintenance of the common fences or driveways or the upkeep of lawns and plantings in the Subdivision;

9.3.4 Fail to maintain fire and extended coverage insurance on insurable Common Areas on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

9.3.5 Use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 9.4. Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 9.5. Taxes and Insurance.

A. Any City of Raeford and/or County of Hoke ad valorem taxes on the Common Area shall be the responsibility of and paid by the homeowners association (as set out in the Declaration) from the assessments provided for under and subject to all provisions of the Declaration including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public improvements, which continues for a period of six months, each owner of a building site in the development shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of building sites. If not paid by the owner within thirty days, said sum shall become a continuing lien and taxing or assessing governmental authority may either bring an action at law against the owner personally obligated to pay the same or elect to foreclose the lien.

B. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Lot and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Lot, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Lot Owner.

Section 9.6. Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting title to the Property,

Common Areas, any Lot or the organization or operation of the Association shall give an Owner or any other party priority over any rights of the first mortgagees of Lots within the Subdivision pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking the Common Areas.

ARTICLE XII
NON-DEDICATED STREETS

Section 10.1. Use. All non-dedicated streets constructed within the Subdivision are reserved as easements of access for the common use of Owners and their families, guest, and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress and egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage as well as for natural gas, electricity or any other utility. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 10.2. Snow Removal, Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide snow removal from, maintenance to and resurfacing or reconstruction of any non-dedicated streets or any storm water drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

ARTICLE XIII
GENERAL PROVISIONS

Section 1. Enforcement. So long as Developer is an owner of a lot shown on the plat, Developer, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictive Covenants. Failure by the Developer or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Amendment. These Restrictive Covenants shall run with and bind the land, and shall inure to the benefit of and be enforceable by the owner of any lot subject to these Restrictive Covenants, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date these Restrictive Covenants are recorded, after which time said covenants shall be automatically extended

for successive periods of ten (10) years. These Restrictive Covenants may be amended by the Developer while Developer continues to own any lot in the subdivision, by the change being approved by the written consent of Developer during the first twenty (20) year period.

Section 3. In the event of any conflict between the provisions of these Covenants and any applicable provisions of the Hoke County Ordinances, the provisions of the Hoke County Ordinances shall control.

IN WITNESS WHEREOF, Riverbrooke, LLC, the Developer herein, has caused this Declaration to be signed in its name the day and year first above written.

RIVERBROOKE, LLC

By: _____ (SEAL)
H & H Investments, Inc., Member/Manager
D. Ralph Huff, III, President

By: _____ (SEAL)
Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc., Member/Manager
Watson G. Caviness, President

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that D. Ralph Huff III personally appeared before me this date and, being first duly sworn, acknowledged that he is President of H & H Investments, Inc., a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 18 day of July, 2011.

Jill Riley
Notary Public

JILL RILEY NOTARY PUBLIC CUMBERLAND COUNTY, NC

My Commission Expires:

3 August 2015

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that Watson G. Caviness personally appeared before me this date and, being first duly sworn, acknowledged that he is President of Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc, a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 18th day of July, 2011.

Notary Public

My Commission Expires:
6/9/2015

SHANNON C. MCNEILL NOTARY PUBLIC CUMBERLAND COUNTY, N.C.

BK:01046 PG:0247

FILED
HOKE COUNTY NC
CAMILLE HURST
REGISTER OF DEEDS

FILED	Jul 10, 2013
TIME	04:17:31 pm
BOOK	01046
START PAGE	0247
END PAGE	0290
INSTRUMENT #	04854
RECORDING	$142.00
EXCISE TAX	(None)

JOP

Prepared By/Return To:
The Real Estate Law Firm
P.O. Drawer 53515
Raeford, NC 28305

NORTH CAROLINA

HOKE COUNTY

RESTRICTIVE COVENANTS
RIVERBROOKE, SECTION 4

THIS DECLARATION, made this 8th day of July, 2013, by RIVERBROOKE, LLC, a North Carolina limited liability company, hereinafter referred to as "Developer."

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain property in Raeford Township, Hoke County, North Carolina, which is known as RIVERBROOKE, SECTION 4, per plat of same duly recorded in Plat Cabinet 4, Slide 4-51, Map 001, Hoke County, North Carolina, Registry, as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry.

NOW, THEREFORE, Developer hereby declares that all of the properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the 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 insure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "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 2. "Properties" shall mean and refer to that certain real property hereinbefore described.

Section 3. "Lot" shall mean and refer to any of the Lots as shown on the plat entitled RIVERBROOKE, SECTION 4 per plat of same duly recorded in Plat Cabinet 4, Slide 4-51, Map 001, Hoke County, North Carolina, Registry as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry.

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Section 4. "Association" shall mean and refer to the Riverbrooke of Hoke Homeowners Association, Inc., a nonprofit corporation organized and existing under the laws of the state of North Carolina.

ARTICLE II
USE RESTRICTIONS

Section 1. All Lots shall be used for residential purposes only and shall not be used for any business or commercial purposes; provided, however, that Developer reserves the right to use any Lot and any improvement thereon owned by Developer as a model home with sales office. Group family homes are prohibited.

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said lots except one detached single family dwelling of not more than two and one-half stories in height, a private garage for not more than three cares and other outbuildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. Manufactured metal buildings may also be placed on the lot for storage to the rear of the family dwelling. No mobile home (Class A or B) or modular home shall be allowed on any lot to which these covenants apply.

Section 3. No dwelling shall be erected or allowed to remain on any of the said lots which shall contain a heated-area living space of less than one thousand (1000) square feet. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless

of size or purposes, whether attached to or detached from the main residence, shall be commenced, place, erected or allowed to remain on any building lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building plans and specifications covering the same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes with paint samples, location and orientation on the building lot and approximate square footage, construction schedule, on-site sewage and water facilities, and such other information as the Developer shall require, including, if so required, plans for the grading and contours of the land, have been submitted to and approved in writing by the Developer and until a copy of all such plans and specifications, as finally approved by the Developer, have been lodged permanently with the Developer. The Developer shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the developer of said land or contiguous lands. In passing upon such building plans and specifications and lot-grading and landscaping plans, the Developer may take into consideration the suitability and desirability of the proposed construction and of the materials of which the same are proposed to be built to the building lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Developer fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Developer shall be presumed and the provisions of this paragraph shall be deemed to have been complied with. However, no residence or other building, structure or improvements which violates any of the covenants and restrictions herein contained or which is not in harmony with the surrounding neighborhood and the existing structures therein, shall be erected or allowed to remain on any part of that lot. All driveways shall be constructed of concrete.

Section 4. All structures shall comply with (i) the Hoke County ordinances with regard to the set-back requirements, and (ii) such set-back requirements as are set forth on the plats of RIVERBROOKE, SECTION 4, as hereinbefore described or as may hereafter be recorded. When consistent with the zoning ordinances, the building line set-back as provided for in this paragraph may be varied by as much as ten (10) percent with the express consent of the Developer, which said consent document need not be on record in the Office of the Register of Deeds, Hoke County, North Carolina.

Section 5. No solid panel fences may be erected closer to any street line than the corner of the house closest to the street line. No wire fences of any description shall be permitted closer to any street line than the corner of the house closest to the street line. No fences made of concrete block or what is commonly known as "chicken wire" shall be permitted anywhere on the lot. No fence shall exceed six feet (6') in height. Only ornamental fences (e.g., split rail fences, or fences through which there is at least 75% visibility) not to exceed three feet (3') in height may be erected between the house and the street lines. Fences on the rear of the house situated on interior lots must be attached

to the rear corner of the house and must extend toward the side lines. Rear fences may be solid wood or vinyl, not to exceed six feet (6'), or wood or vinyl picket, split rail with welded wire mesh or chain link not to exceed four feet (4') in height. On corner lots, the fence must extend from the rear corner of the house closest to the side street and extend to the rear lot line. On the opposite corner the fence can extend to the interior side property line before turning to the rear lot line.

Section 6. Television satellite or dish antennae having a diameter in excess of twenty-two inches (22") are prohibited. All dishes are to be placed on the rear of the house or to the side of the house within five feet (5') of the rear corner of the house.

Section 7. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on the property.

Section 8. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery shall be placed or allowed to remain on said property for over thirty-five (35) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage. Commercial vehicles, camper trailers, trailers, and/or boats shall be stored at the rear of the residence and shall be within the yard set-backs. If more than two of the above non-private vehicles, trailers or boats are stored on any lot, they shall be screened from view of other lots.

Section 9. No trailer, tent, shack, garage, barn or similar type outbuilding shall be placed, erected or allowed to remain on said property without the written consent of Riverbrooke, LLC, its successors and/or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently, or otherwise.

Section 10. Only break-away mailboxes provided by the builder may be constructed in the subdivision, it being the intention of the Developer to preclude the erection of permanently constructed mailboxes in the North Carolina State Right-Of-Way areas.

Section 11. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 12. The invalidation of any one or more, or any part of any one or more, of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof.

Section 13. No animals or poultry of any kind, except common pets, shall be placed or kept on any part of the premises. No breed of dogs that may be perceived by members of the general public as being dangerous or having a propensity for being dangerous, including, but not limited to, pit bulls, rottweilers, Dobermans, chows, and

German shepherds, nor any dog whose lineage includes any part of any of said breeds, nor any dog that has at any time bitten a person, nor any dog that has been trained as an attack dog, shall be permitted on the premises unless such dog is at all times confined within fencing as follows: Refer to Section 5 for the approved location and types of fences. The aforementioned dangerous breeds of dogs must be contained in a double fence when outside the residence. The outer fence shall be a solid panel privacy fence six (6) feet tall. There shall be an interior fence that totally contains the animal or animals running parallel to the privacy fence at a distance of not less than five (5) feet from the outer fence at any point, including the points where the outer fence joins the residence. The inner fence shall comply with Section 5 and shall be six (6) feet tall. Under no circumstances shall the animal or animals be allowed outside the interior fence. Dogs described above must remain in the yard at all times. They cannot be walked or exercised in the neighborhood at any time.

It is the intent of these covenants to hide dog houses or dog containment structures from public view. Other than the dual fences described above, any dog house or dog containment structure for any type of dog not fully contained inside a privacy fence must be located to the rear of the principal structure and must be located within thirty feet (30') of the rear of the main structure. No such permitted dog house or dog containment structure or system shall be placed, erected, or maintained closer to any street than the rear corner or side of the principal dwelling structure on improved lots or closer to any street than the set-back line on any vacant lot, and in no event closer to any street than thirty feet (30'). On improved corner lots, no dog house or dog containment structure or system shall be placed any closer to the street than the rear corner of the principal dwelling structure closest to the street, or, on vacant lots, closer to any street than the set-back line, and in no event closer to an street than thirty feet (30').

Section 14. Each owner shall landscape and maintain his yard in a well-manicured style so as to enhance his own as well as his neighbors' homes and lots. The grass of each Lot shall be kept at a reasonably short length, and all trees, shrubs, and bushes shall be properly pruned. If the yard is not maintained properly and in accordancy herewith, the Association has the right to perform the required work and to bill the Lot owner for said work. The Association may obtain a lien against any Lot owner who fails to timely pay any bill for maintenance work done by the Association.

ARTICLE III
UTILITY AND UTILITY AND DRAINAGE EASEMENTS

Section 1. Developer reserves the right to subject the real property in this entire subdivision to a contract with Public Utility Provider(s) for the installation of overhead and/or underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to such Public Utility Provider(s) by the owner of each lot. Developer and its successors in title may devote any lot or portion thereof, not already sold, for any

construction and uses which it, in its discretion, deems necessary in order to provide the subdivision with utilities.

Section 2. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage, or which may obstruct or retard the flow of water. All areas indicated as streets and easements on the recorded plat are hereby dedicated to public use for such uses forever except side yard easements which are for the use and benefit of those persons and lots as described herein.

ARTICLE IV
ASSOCIATIONAL DEFINITIONS

Section 1.1 "Annual Organizational Board Meeting" means the annual. Organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2. "Annual Meeting" means the annual meeting of the Members held in Hoke County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3. "Articles" or "Articles of Incorporation" shall mean those articles filed with the Secretary of State of North Carolina, incorporating Riverbrooke of Hoke Homeowners Association, Inc. as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4. "Assessments" mean Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments, and Fine Assessments.

Section 1.5. "Association" shall mean and refer to Riverbrooke of Hoke Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and/or assigns.

Section 1.6. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.7. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8. "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.9. "Class B. Members" shall mean as defined in Section 4.5.2 below.

Section 1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, the Recreational Facilities Easement Agreement, the Roadway Declaration and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.11. "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets, including any dedicated streets prior to their acceptance for public maintenance, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, the Recreational Facilities and parcels designated on the Subdivision plat as "Park" (unless such parks are later dedicated to the public by a subsequent dedication plat or conveyance), "COS," "Open Space," "Alley", Private swimming pools, clubhouse, or any other recreational facilities, "Common Area" or reserved as an access drive or private street.

Section 1.12. "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation hereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefore; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefor. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to, private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.13. "Declarant" or "Developer" shall mean and refer to Riverbrooke, LLC, a North Carolina limited liability company, its successors and/or assigns as a Declarant.

Section 1.14. "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.15. "Development Period" means the period commencing on the date on which this Declaration is recorded in the office of the Hoke County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date the Declarant relinquishes in writing Declarant's right to

appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording this Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16. "Dwelling Unit" shall mean and refer to the individual family living unit on an individual Lot.

Section 1.17. "Fine Assessment" means the charge established by Section 5.4.2 of this Declaration.

Section 1.18. "Individual Assessment" means the charge established by Section 5.3 of this Declaration.

Section 1.19. "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Dwelling Unit has been or is to be constructed.

Section 1.20. "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.21. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.22. "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.23. "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same be amended from time to time.

Section 1.24. "Property" or "Subdivision" shall mean and refer to that certain real estate described in the Plat entitled as RIVERBROOKE, SECTION 4, per plat of same duly recorded in Plat Cabinet 4, Slide 4-51, Map 001, Hoke County, North Carolina, Registry, as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry as the same may be amended or supplemented by Declarant from time to time.

Section 1.25. "Recreational Facilities" shall mean and refer to the common community and recreational facilities located upon the Property and so designated on any recorded Plat of Riverbrooke, including, but not limited to, the play area, clubhouse (including exercise room) and the related grounds, landscaping and improvements located or to be located thereon.

Section 1.26. "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.27. "Resident" shall mean and refer to any person, not an Owner, living in the Owner's Dwelling Unit, including, but not limited to, temporary guests and Tenants.

Section 1.28. "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration, along with any Restrictions recorded for subdivisions within Riverbrooke.

Section 1.29. "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.30. "Special Assessment" means the charge established by Section 5.2 of this Declaration.

Section 1.31. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE V
PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE VI
PROPERTY RIGHTS IN COMMON AREAS

Section 3.1. Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that

are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for period not to exceed sixty (60) days for each such infraction, or for a non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guests of Owners and Tenants who may use the Common Areas at any one time;

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including, without limitation, the Recreational Facilities Easement Agreement and the Roadway Declaration;

3.1.4 The right of the Association to grant permits, licenses, and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property;

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.

Section 3.2. Extention of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3. Title To Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance as well as to restrictions, conditions, limitations, and easements of record.

Section 3.4. Use Of Common Areas By Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales, and similar purposes until all of the Lots have been sold.

ARTICLE VII
HOWEOWNERS ASSOCIATION

Section 4.1. Homeowners Association. There is or will be created a North Carolina nonprofit corporation , known as Riverbrooke of Hoke Homeowners Association, Inc., which shall be responsible for the maintenance, management, and control of the Common Areas and upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

Section 4.2. Board of Directors and Officers. The Board of Directors and such officers as the Members may elect or appoint in accordance with the Articles or the Bylaws shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents, who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3. Rules and Regulations. By a majority vote of the Board of Directors, the Association may from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended, or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4. Membership of Association. Every Owner of a Lot in the Subdivision shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's Board. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5. Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the property shall automatically be a Class A Member of the Association, except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a

Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion 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. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 Class B Members. The Class B Member during the Development Period shall be the Declarant, its successors and/or assigns. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.5.3 Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6. Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement, and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; (c) the Recreational Facilities; (d) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Dwelling Unit, and (e) all drainage easements and ditches and any drainage water retention pond.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7. Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner

must comply with the Rules and Regulations of the Association, including architectural control and visual harmony.

4.7.2 To perform his responsibilities in such manner so as not to unreasonably disturb other persons residing within the Subdivision.

4.7.3 Not to impair the use of any easement without first obtaining the written consent of the Association and of the Owner or Owners for whose benefit such easement exists.

4.7.4 Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee, family member, including, but not limited to, any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant, or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.3 and Section 7.7 below.

Section 4.8. Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they respectively are responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor, but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if Association does not have the means or the funds to repair the defect or, if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.9. Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall

not excuse any unreasonable delay by the Association or any Lot Owner in performing hiss or her obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

ARTICLE VIII
COVENANT FOR ASSESSMENTS

Section 5.1. Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The minimum annual regular assessment shall be $100.00, billed on a semi-annual basis.

Section 5.2. Special Assessments. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) for any one item or in excess of Fifty Thousand and No/100 ($50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant occurs. AS of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers ("CPI-U"), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as maybe published by any other nationally recognized publisher or similar statistical information gathered by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall

give the Lot Owner(s) written notice of the proportionate share and of the date (s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligation to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling Unit located upon the Lot that is occupied as a residence.

Section 5.3. Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, , his family, his pet(s), tenant, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair, or replacement done, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.4. Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.4.1 The annual Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Dwelling Unit to the Owner. The Declarant, its successors and/or assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the annual Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year. Written notice of the annual Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the date due.

5.4.2 The Board of Directors, or any adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment, and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.4.3 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.4.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.5. Billing. The Association shall inform each Lot Owner of the Amount of the total Regular Assessment due from the Owner of that particular Lot. This Regular Assessment shall be paid in one annual installment. The Owner of each Lot must pay his Lot's required Regular Assessment in advance of the first calendar day of each year, unless the Association otherwise directs. Payment is to be made to such person at such an address as the Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner.

Section 5.6. Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.7. Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments, i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.8. Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. Al books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.9. Non-Payment of Assessment. Any Assessments levied pursuant to these covenants which are not paid on the date when due shall be delinquent and shall, together with interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by the Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs, and reasonable attorney's fees shall be added to the amount of each Assessment and be subject to the lien thereof. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.10. Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Hoke County, North Carolina, and may be foreclosed in the same manner as a mortgage or deed of trust on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.11. Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring an action in the appropriate court of law.

Section 5.12. Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.13. Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage, first deed of trust, or deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Hoke County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.14. Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance, and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs, and reasonable attorney's fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.15. Late Charges. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and no/100 dollars ($20.00) or (b) twenty percent (20%) of the delinquent amount, or such other amount as allowed by law.

Section 5.16.

5.16.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.16.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration.

5.16.3 The Assessment lien includes, without limitation, all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.16.4 No Owner of a Lot may exempt himself or herself from liability of his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

5.16.5 This Section 5.16 applies to every type of Assessment.

ARTICLE IX
EASEMENTS AND ENCUMBRANCES

Section 6.1. Easements for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2. Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing, and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3. Utility Easements. Easements are reserved hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision of this Article 6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney-in-fact, coupled with any interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

Section 6.4. General Easements. An easement is herby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing improvements located thereon and otherwise dealing with the Common Areas, Lots and/or Dwelling Units,

including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of the Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.

Section 6.5. Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress an egress to and from any such Lot over the Common Areas, to and from a public thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6. Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction, or disturbance. Before beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restriction is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

Section 6.7. Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successors and assigns, to enter upon the Subdivision for access, including ingress an egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that is located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Subdivision.

Section 6.8. Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment, or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done

to the Subdivision, including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9. Roadway Easement. Declarant has reserved for the benefit of and hereby grants to all Lot Owners the non-exclusive right of ingress and egress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which private roadways extend from one or more publicly dedicated streets. Roadways other than those (if any) that have been accepted by applicable governmental authorities for maintenance, constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Road way shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved.

Section 6.10. Declarant's Easements: General. The easements and grants reserved for an granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guest, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Subdivision.

Section 6.11. Easements to Run with the Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12. Reference to Easements and Deeds. Reference in the respective deeds of conveyance or other mortgage or trust deed or other evidence of obligation to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in such instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

Section 6.13. Progress Energy Easement. To the extent that a utility easement has been granted to Progress Energy to construct, intall, operate, utilize, inspect, rebuild, repair, replace, remove, and maintain overhead and/or underground facilities consisting of electric, communication, or other related faciliteis within the granted easement area, such rights shall include:

A. the right of officers, agents, and workment of Progress Energy and its contractors to go to and from said easement area at all times over the lands described in the said easement by such route or routes, including private roads and ways then existing theron, on foot or by conveyance, with marterials, machinery, supplies, and equipment as may be desirable;

provided that, except in emergencies, existing roads and ways theron shall be used to the extent that they afford ingress and egress to and from said easement area; and to construct, reconstruct, work upon, repair, alter, inspect and in general do any other thing necessary or convenient to maintain and operate said facilities for the purpose aforesaid;

B. the right to install and maintain guys, anchors, grounding, counterpoles, and appurtenant devices, together with the right to intall at the angle points of the overhead facilities , guy wires, and guy anchors outside of said easement area for the support of the structures of said overhead facilities

Section 6.14. Conservation Easement. Developer hereby grants unto Grantee a Conservation Easement under the terms and conditions set forth in Exhibit "A", attached hereto and incorporated herein by reference. The area shown on the recorded plat is known as RIVERBROOKE, SECTION 4, per plat of same duly recorded in Plat Cabinet 4, Slide Slide 4-51. Map 001, Hoke County, North Carolina, Registry, as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry, as well as the conservation map recorded in Cabinet 4, Slide 4-53, Map 002-004, Hoke County, North Carolina, Registry, as conservation areas shall be maintained in perpetuity in their natural or mitigated condition. No person or entity shall perform any of the following activities on such conservation area:

a. fill, grade, excavate or perform any other land disturbing activities
b. cut, mow, burn, remove, or harm any vegetation
c. construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers, or any other permanent or temporary structures
d. drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area
e. dump or store soil, trash, or other waste
f. graze or water animals, or use for any agricultural or horticultural purpose

This covenant is intended to ensure continued compliance with the mitigation condition of a Clean Water Act authorization issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, Action ID 2006-32744 , and therefore may be enforced by the United States of America. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it.

ARTICLE X
INSURANCE

Section 7.1. General Insurance. In addition to such insurance as is required to be maintained by the Association pursuant to the Recreational Facilities Easement Agreement, the Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof in accordance with the following provisions:

7.1.1 The Association shall purchase a master policy for the benefit of the Association, the Lot Owners and their mortgagees as their interests may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

7.1.2 All Common Areas now or at any time hereafter constituting a part of the Subdivision shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred percent (100%) of the replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation, and architect's fees, without deduction for depreciation. The policy shall have cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water, and the overflow of a body of water) and agreed amount endorsements and a deductible on any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs but higher per loss risk resulting from a high deductible, together with all other pertinent factors. The policy providing such coverage shall provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt. Such policy shall provide coverage for built-in fixtures and equipment in an amount not less than one hundred percent (100%) of the replacement cost thereof (subject to the deductible provisions described above) and shall also provide that the insurer shall have no right to contribution from any insurance which might be purchased by any Lot Owner as hereinafter permitted. Such policy shall also contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission or neglect of any person unless such act, omission or neglect is within the knowledge and control of the Association prior to the occurrence of the loss. Such policy shall not provide coverage for any items of personal property owned by any Lot Owner.

7.1.3 Such master policy of insurance shall contain provisions requiring issuance of certificates of coverage and the issuance of written notice to the Association and to any mortgagee or mortgagees of any Lot Owner not less than thirty (30) days prior to any expiration, substantial modification or cancellation of such coverage.

7.1.4 Such insurance by the Association shall not prevent an Owner of a Lot from obtaining insurance on his own property, but no Lot Owner may at any time purchase individual policies of insurance covering any item which the Association is required to insure. If any Lot Owner does purchase such a policy, he shall be liable to the Association for any damages, expenses, or losses which it suffers or incurs as a result thereof, and the Association shall have the same lien rights provided by Article V hereof for Common Expense payments with respect to any such damages, expenses or losses not paid to it by such Owner.

7.1.5 The Board of Directors shall review the insurance coverage required under this Section 7.1 at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

7.1.6 If the required insurance coverage under this Section 7.1 ceases to exist for any reason whatsoever, any mortgagee of any portion of the Subdivision may remedy that lack of insurance by purchasing policies to supply that insurance coverage. The funds so advanced shall be deemed to have been loaned to the Association, shall bear interest at a per annum rate of two percent (2%) higher than the basic interest rate in any note secured by the mortgagee's mortgage against a portion of the Subdivision, and shall be due and payable to the mortgagee by the Association immediately. The repayment of this obligation shall be secured by a Special Assessment against all Lot Owners under Article V of this Declaration and shall not require a vote of the Members of the Association, anything to the contrary in this Declaration notwithstanding.

7.1.7 The Association shall also maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. The Association shall try to have it liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Lot Owners, individually and as a group (arising out of their ownership interest in the Common Areas), to another Lot Owner.

Section 7.2. Fidelity Insurance. The Association may have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total Regular Assessment, plus all accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.3. Director's and Officers' Errors and Omissions Insurance. The Association shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present, against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit, or proceeding, civil or criminal, in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty to the Association, or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be reasonably determined by the Association.

Section 7.4. Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Lot Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.7 herein.

Section 7.5. Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their interests may appear; provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6. Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing. Any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7. Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or

Dwelling Unit, or the contents of and Lot or Dwelling Unit nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fir and extended coverage insurance on his Dwelling Unit, and the contents of his Dwelling Unit. The Association may request the Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of (a) the insurance deductible due under the Association's insurance policy, or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s) or twenty (20) days after mailing such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

Section 7.8. Release. All policies purchased under this Article VII by either the Association or the individual Lot Owners shall provide for the release by the issuer thereof of any rights of subrogation or assignment and all causes and rights of recovery against any Lot Owners, member of their family, their employees, their tenants, servants, agents and guests, the Association, any employee of the Association, the Board, or any occupant of a Dwelling Unit in the Subdivision, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 7.9. Deleted

Section 7.10. Additional Policy Requirements. All such insurance coverage obtained by the Association shall be written in the name of the Association for the use and benefit of the Association, the Lot Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

7.10.1 Exclusive authority to adjust losses under policies in force on the Subdivision obtained by the Association shall be vested in the Board, provided, however, that no mortgagee having an interest in such losses may be prohibited from

participating in the settlement negotiations, if any, related thereto

7.10.2 In no event shall the insurance coverage obtained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

7.10.3 All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

7.10.4 The Association shall be required to make every reasonable effort to secure insurance policies that provide for the following:

7.10.5 A waiver of subrogation as discussed in Section 7.8;

7.10.6 That no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;

7.10.7 That no policy may be canceled, invalidated, or suspended on account of the conduct of any Director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee; and

7.10.8 That any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

ARTICLE XI
ASSOCIATION

Section 8.1. Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the

Subdivision including but not limited to, the powers and responsibilities to make prudent investment of funds held by it; to make reasonable Rules and Regulation; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; toe enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in Section 47F-3-102 of the Planned Community Act.

Section 8.2. Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors. The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 8.3. Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Dwelling Units. The Association does not warrant in any way or for any purpose the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2 The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any evaluation of the reasonableness of the Association's response must allow for the fact that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE XII
MORTGAGEE'S RIGHTS

Section 9.1. Notice of Rights of Mortgagee of a Lot. As used herein, the term "mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association with its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article IX. A

Mortgagee of a Lot shall be entitled to receive written notification of any default, not cured within sixty (60) days after its occurrence, by the Owner of the Lot with respect to any obligation of the Owner under the Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association. Any Mortgagee of a Lot can make the request for notification. The notification shall be sent not later than the 65th day after the occurrence of any uncured Default.

Section 9.2. Rights of First Refusal. Any right of first refusal now or hereafter contained in this Declaration or any amendment or modification hereto or otherwise arising in favor of the Association or certain Owners shall not apply to or preclude or impair in any way the right of the first Mortgagee to (i) foreclose or take title to the Lot pursuant to the remedies provided in its mortgage; (ii) accept a deed or assignment in lieu of foreclosure in the event of a default under the Mortgage; or (iii) sell or lease a Lot and Dwelling Unit acquired by the Mortgagee.

Section 9.3. Rights of Mortgagee. Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder so approve, the Association shall not:

9.3.1 by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon which are owned directly or indirectly by the Association for the benefit of the Lots (the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision, or the conveyance of Commons Area, not including the Recreational Facilities, to a local governmental authority for public park purposes or the conveyance or dedication of the Roadways shall not be deemed a transfer within the meaning of this clause);

9.3.2 Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot:

9.3.3 By act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwelling Units, the exterior maintenance of the Dwelling Units, the maintenance of the common fences or driveways or the upkeep of lawns and plantings in the Subdivision;

9.3.4 Fail to maintain fire and extended coverage insurance on insurable Common Areas on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

9.3.5 Use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 9.4. Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 9.5. Taxes and Insurance.

A. Any City of Raeford and/or County of Hoke ad valorem taxes on the Common Area shall be the responsibility of and paid by the homeowners association (as set out in the Declaration) from the assessments provided for under and subject to all provisions of the Declaration including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public improvements, which continues for a period of six months, each owner of a building site in the development shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of building sites. If not paid by the owner within thirty days, said sum shall become a continuing lien and taxing or assessing governmental authority may either bring an action at law against the owner personally obligated to pay the same or elect to foreclose the lien.

B. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Lot and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Lot, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Lot Owner.

Section 9.6. Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting title to the Property, Common Areas, any Lot or the organization or operation of the Association shall give an Owner or any other party priority over any rights of the first mortgagees of Lots within the Subdivision pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking the Common Areas.

ARTICLE XII
NON-DEDICATED STREETS

Section 10.1. Use. All non-dedicated streets constructed within the Subdivision are reserved as easements of access for the common use of Owners and their families, guest, and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress and egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage as well as for natural gas, electricity or any other utility. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 10.2. Snow Removal, Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide snow removal from, maintenance to and resurfacing or reconstruction of any non-dedicated streets or any storm water drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

ARTICLE XIII
GENERAL PROVISIONS

Section 1. Enforcement. So long as Developer is an owner of a lot shown on the plat, Developer, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictive Covenants. Failure by the Developer or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Amendment. These Restrictive Covenants shall run with and bind the land, and shall inure to the benefit of and be enforceable by the owner of any lot subject to these Restrictive Covenants, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date these Restrictive Covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. These Restrictive Covenants may be amended by the Developer while Developer continues to own any lot in the subdivision, by the change being approved by the written consent of Developer during the first twenty (20) year period. As to Article IX, Section 16.14 and its Exhibit "A", no modification or amendment shall be made without the written consent of the U.S. Corps of Engineers, Wilmington District.

Section 3. In the event of any conflict between the provisions of these Covenants and any applicable provisions of the Hoke County Ordinances, the provisions of the Hoke County Ordinances shall control.

IN WITNESS WHEREOF, Riverbrooke, LLC, the Developer herein, has caused this Declaration to be signed in its name the day and year first above written.

RIVERBROOKE, LLC

By: _____ (SEAL)
H & H Investments, Inc., Member/Manager
Ralph Huff, III, President

By: _____ (SEAL)
Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc., Member/Manager
Watson G. Caviness, President

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that D. Ralph Huff III personally appeared before me this date and, being first duly sworn, acknowledged that he is President of H & H Investments, Inc., a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 9 day of July, 2013.

Crystal J Helmke
Notary Public

My Commission Expires:
1-30-2015

CRYSTAL J HELMKE NOTARY PUBLIC CUMBERLAND COUNTY, N.C.

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that Watson G. Caviness personally appeared before me this date and, being first duly sworn, acknowledged that he is President of Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc, a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 9 day of July, 2013.

Kyrie N. Rinehart
Notary Public

My Commission Expires:
9/14/2017

EXHIBIT "A"

PERMANENT CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT ("Conservation Easement") made this 8th day of July, 2013, by and between Riverbrook, LLC, a North Carolina limited liability company ("Grantor") and United States Corps of Engineers ("Grantee").

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine, or neuter as required by context.

RECITALS

WHEREAS, Grantor owns in fee simple certain real property situated, lying and being in Hoke County, North Carolina, more particularly described in Exhibit "A", attached hereto and incorporated herein by reference ("Property");

WHERAS, Grantee is either a public body of this state, a agency of the United States, or a nonprofit corporation or trust whose purpose is the conservation of property, and is qualified to be the Grantee of a conservation easement pursuant to N.C.Gen. Stat. Sec. 121-35;

WHEREAS, Grantor and Grantee recognize the conservation, scenic, natural, or aesthetic value of the Property in its natural state, which includes the following natural communities: RIVERBROOKE, SECTION 4, per plat of same duly recorded in Plat Cabinet 4, Slide 4-51, Map 001, Hoke County, North Carolina, Registry, as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry, as well as the plat entitled RIVERBROKE CONSERVATION AREAS duly recorded in Plat Cabinet 4, Slide 4-53, Map 002-004, Hoke County, North Carolina, Registry (being the wetland and/or stream type, as well as any associated buffers or upland communities). The purpose of this Conservation Easement is to maintain wetland and/or riparian resources and other natural values of the Property, and prevent the use or development of the Property for any purpose or in any manner that would conflict with the maintenance of the Property in its natural condition.

WHEREAS, either:

_____ (for use when mitigation is offered for impacts of a single individual or general use permit), the preservation of the Property is a condition of Department of the Army permit Action ID _____ issued by the Wilmington District Corps of Engineers, required to mitigate for unavoidable stream and/or wetland impacts authorized by that permit. Grantor and Grantee agree that third-party rights of enforcement shall be held by the U.S. Army Corps of Engineers, Wilmington District (Corps to include any successor agencies), and that these rights are in addition to, and do not limit, the rights of enforcement under said permit, or

___x___ (for use when the conservation easement supports a mitigation bank), the preservation of the Property is required by a Mitigation Banking Instrument for the Ecosystem Enhancement Program (name of Bank), Department of the Army Action ID 2006-32744. The Mitigation Bank is intended to be used to compensate for unavoidable stream and/or wetland impacts authorized by permits issued by the Department of the Army. Grantor and Grantee agree that third-party rights of enforcement shall be held by the U.S. Army Corps of Engineers, Wilmington District (Corps to include any successor agencies), and that these rights are in addition to, and do not limit, the rights of the parties to the Mitigation Banking Instrument.

NOW, THEREFORE, for and in consideration of the covenants and representations contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby unconditionally and irrevocably grants and conveys unto Grantee, its heirs, successor, and assigns, forever and in perpetuity, a Conservation Easement of the nature and character and to the extent hereinafter set forth, over the Property described in Exhibit "A", together with the right to preserve and protect the conservation values thereof, as follows:

ARTICLE I
DURATION OF EASEMENT

This Conservation Easement shall be perpetual. This Conservation Easement is an easement in gross, runs with the land and is enforceable by Grantee against Grantor, Grantor's personal representatives, heirs, successors and assigns, lessees, agents , and licensees.

ARTICLE II
PROHIBITED AND RESTRICTED ACTIVITIES

Any activity on, or use of, the Property inconsistent with the purpose of this Conservation Easement is prohibited. The Property shall be preserved in its natural condition and restricted from any development that would impair or interfere with the conservation values of the Property.

Without limited the generality of the foregoing, the following activities and uses are expressly prohibited, restricted, or reserved as indicated hereunder.

A. Disturbance of Natural Features. Any change, disturbance, alteration , or impairment of the natural features of the Property or any introduction of non-native plants and/or animal species is prohibited.

B. Construction. There shall be no constructing or placing of any building, mobile home, asphalt or concrete pavement, billboard or other advertising display, antenna, utility pole, tower, conduit, line, pier, landing, dock or any other temporary or permanent structure or facility on or above the Property.

C. Industrial, Commercial and Residential Use. Industrial, residential and/or commercial activities, including any right of passage for such purposes, are prohibited.

D. Agricultural, Grazing and Horticultural Use. Agricultural, grazing, animal husbandry and horticultural use of the Property are prohibited.

E. Vegetation. There shall be o removal, burning, destruction, harming, cutting or mowing of trees, shrubs, or other vegetation on the Property.

F. Roads and Trails. There shall be no construction of roads, trails, or walkways on the Property, nor enlargement or modification of existing roads, trails, or walkways.

G. Signage. No sighs shall be permitted on or over the Property, except the posting of no trespassing signs, signs identifying the conservation values of the Property, signs giving directions or proscribing rules and regulations for the use of the Property and/or signs identifying the Grantor as owner of the Property.

H. Dumping or Storage. Dumping or storage of soil, trash, ashes, garbage, waste, abandoned vehicles, appliances, machinery, or hazardous substances, or toxic or hazardous waste, or any placement of underground or aboveground storage tanks or other materials on the Property is prohibited.

I. Excavation, Dredging or Mineral Use. There shall be no grading, filling, excavation, dredging, mining, or drilling, no removal of topsoil, sand, gravel, rock, peat, minerals or other materials, and no change in the topography of the land in any manner on the Property, except to restore natural topography or drainage patterns.

J. Water Quality and Drainage Pattern. There shall be no diking, draining, dredging, channeling, filling, leveling, pumping, impounding or related activities, or altering or tampering with water control structures or devises, or disruption or alteration of the restored, enhanced, or created drainage patterns. In addition, diverting or causing or permitting the diversion of surface or underground water into, within, or out of the easement area by any means, removal of wetlands, polluting or discharging into waters, springs, seeps, or wetlands, or use of pesticide or biocides is prohibited.

K. Development Rights. No development rights that have been encumbered or extinguished by this Conservation Easement shall be transferred pursuant to a transferable development rights scheme or cluster development arrangement or otherwise.

L. Vehicles. The operation of mechanized vehicles, including, but not limited to, motorcycles, dirt bikes, all-terrain vehicles, cars and trucks is prohibited; provided, however, that vehicles may be operated on existing roads if such roads are identified by reference to a recorded map showing their location, configuration, and size.

M. Other Prohibitions. Any other use of, or activity on, the Property which is or may become inconsistent with the purposes of this grant, the preservation of the Property substantially in its natural condition, or the protection of its environmental systems, is prohibited.

ARTILE III
GRANTOR'S RESERVED RIGHTS

The Grantor expressly reserves for himself, his personal representatives, heirs, successors, or assigns, the right to continue to use the property for all purposes not inconsistent with this Conservation Easement, including, but not limited to, the right to quiet enjoyment of the Property, the rights of ingress and egress, the right to hunt, fish, and hike on the Property, the right to sell, transfer, gift or otherwise convey the Property, in whole or in part, provided such sale, transfer or gift conveyance is subject to the terms of, and shall specifically reference, this Conservation Easement.

When mitigation work (approved or required restoration, creation, or enhancement) is to be done on the Property, and notwithstanding the foregoing restrictions, Grantor reserves for Grantor, its successor and assigns, the right to construct wetland and stream mitigation on the Property, in accordance with either (1) the mitigation plan entitled _____, dated _____, with permit id _____, for a single mitigation site, or (2) if a mitigation bank, the detailed mitigation plan approved in accordance with the Mitigation Banking Instrument for the Ecosystem Enhancement Program Mitigation Bank.

ARTICLE IV
GRANTEE'S RIGHTS

The Grantee or its authorized representatives, successors and assigns, and the Corps, shall have the right to enter the Property at all reasonable times for the purpose of inspecting said property to determine if the Grantor, or his personal representatives, heirs, successors, or assigns, is complying with the terms, conditions, restrictions, and purposes of this Conservation Easement. The Grantee shall also have the right to enter and go upon the Property for the purposes of making scientific educational observations and studies, and taking samples. The easement rights granted herein do not include public access rights.

ARTICLE V
ENFORCEMENT AND REMEDIES

A. To accomplish the purposes of this Easement, Grantee is allowed to prevent any activity on or use of the Property that is inconsistent with the purposes of this Easement and to require the restoration of such areas or features of the Property that may be damaged by such activity or use. Upon any breach of the terms of this Conservation Easement by Grantor that comes to the attention of the Grantee, the Grantee shall notify the Grantor in writing of such breach. The Grantor shall have 30 days after receipt of such notice to correct the conditions constituting such breach. If the breach remains uncured after 30 days, the Grantee may enforce this Conservation Easement by appropriate legal proceedings including damages, injunctive or other appropriate relief. Notwithstanding the foregoing, the Grantee reserves the immediate right, without notice, to obtain a temporary restraining order, injunctive or other appropriate relief if the breach of the term of this Conservation Easement is or would irreversibly or otherwise materially impair the benefits to be derived from this Conservation Easement. The Grantor and Grantee acknowledge that under such circumstances damage to the Grantee would be irreparable and remedies at law would be inadequate. The rights and remedies of the Grantee provided hereunder shall be in addition to, and not in lieu of, all other rights and remedies available to Grantee in connection with this Conservation Easement. The costs of a breach, correction or restoration, including the Grantee's expenses, court costs, and attorneys' fees, shall be paid by Grantor, provided Grantor is determined to be responsible for the breach. The Corps shall have the same right to enforce the terms and conditions of this Easement as the Grantee.

B. No failure on the part of the Grantee to enforce any covenant or provision hereof shall discharge or invalidate such covenant or any other covenant, condition, or provision hereof or affect the right of Grantee to enforce the same in the event of a subsequent breach or default.

C. Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury or change in the Property resulting from causes beyond the Grantor's control, including, without limitation, fire, flood, storm, war, acts of God or third parties, except Grantor's lessees or invitees, or from any prudent action taken in good faith by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to life, damage to property, or harm to the Property resulting from such causes.

ARTICLE VI
MISCELLANEOUS

A. Warranty. Grantor warrants, covenants, and represents that its owns the Property in fee simple, and that Grantor either owns all interests in the Property which may be impaired by the granting of this Conservation Easement or that there are no outstanding mortgages, tax liens, encumbrances, or other interests in the Property which have not been expressly subordinated to this Conservation Easement. Grantor further warrants that Grantee shall have the use of and enjoy all the benefits derived from and arising out of this Conservation Easement, and that Grantor will warrant and defend title to the Property against the claims of all persons.

B. Subsequent Transfers. The Grantor agrees to incorporate the terms of this Conservation Easement in any deed or other legal instrument that transfers any interest in all or a portion of the Property. The Grantor agrees to provide written notice of such transfer at least thirty (30) days prior to the date of the transfer. The Grantor and Grantee agree that the terms of this Conservation Easement shall survive any merger of the free and easement interests in the Property or any portion thereof and shall not be amended, modified, or terminated without the prior written consent and approval of the Corps.

C. Assignment. The parties recognize and agree that the benefits of this Conservation Easement are in gross and assignable provided, however, that the Grantee hereby covenants and agrees that, in the event it transfers or assigns this Conservation Easement, the organization receiving the interest will be a qualified holder under N.C.G.Stat Sec. 121-34 et seq. and Sec. 170(h) of the Internal Revenue Code, and the Grantee further covenants and agrees that the terms of the transfer or assignment will be such that the transferee or assignee will be required to continue in perpetuity the conservation purposes described in this document.

D. Entire Agreement and Severability. This instrument sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement. If any provision is found to be void or unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect.

E. Obligations of Ownership. Grantor is responsible for any real estate taxes, assessments, frees or charges levied upon the Property.

Grantor shall keep the Property free of any liens or other encumbrances for obligations incurred by Grantor. Grantee shall not be responsible for any costs or liability of any kind related to the ownership, operation, insurance, upkeep, or maintenance of the Property, except as expressly provided herein. Nothing herein shall relieve the Grantor of the obligation to comply with federal, state, or local laws, regulations, and permits that may apply to the exercise of the Reserved Rights.

F. Extinguishment. In the event that changed conditions render impossible the continued use of the Property for the conservation purposes, this Conservation Easement may only be extinguished, in whole or in part, by judicial proceeding.

G. Eminent Domain. Whenever all or part of the Property is taken in the exercise of eminent domain so as to substantially abrogate the Restrictions imposed by this Conservation Easement, Grantor and Grantee shall join in appropriate actions at the time of such taking to recover the full value of the taking, and all incidental and direct damages due to the taking.

H. Proceeds. This Conservation Easement constitutes a real property interest immediate vested in Grantee. In the event that all or a portion of this Property is sold, exchanged, or involuntarily converted following extinguishment or the exercise of eminent domain, Grantee shall be entitled to the fair market value of this Conservation Easement. The parties stipulate that the fair market value of this Conservation Easement shall be determined by multiplying the fair market value of the Property encumbered by this Conservation Easement (minus any increase in value after the date of this grant attributable to improvements) by the ratio of the value of this easement at the time of this grant to the value of the Property (without deduction for the value of this Conservation Easement) at the time of this grant. The values at the time of this grant shall be the values used, or which would have been used, to calculate a deduction for federal income tax purposes, pursuant to Section 170(h) of the Internal Revenue Code (whether eligible or ineligible for such a deduction). Grantee shall use its share of the proceeds in a manner consistent with the purposes of this Conservation Easement.

I. Notification. Any notice, request for approval, or other communication required under this Conservation Easement shall be sent by registered or certified mail, postage prepaid, to the following addresses (or such address as may be hereafter specified by notice pursuant to this paragraph):

To Grantor (name, address, fax number):

To Grantee (name, address, fax number):

To Corps (name, address, fax number):

J. Failure of Grantee. If at any time Grantee is unable or fails to enforce this Conservation Easement, or if Grantee ceases to be a qualified grantee, and if within a reasonable period of time after the occurrence of one of these events Grantee fails to make an assignment pursuant to this Conservation Easement, then the Grantee's interest shall become vested in another qualified grantee in accordance with an appropriate proceeding in a court of competent jurisdiction.

K. Amendment. This Conservation Easement may be amended, but only in a writing signed by all parties hereto, and provided such amendment does not affect the qualification of this Conservation Easement or the status of the Grantee under any applicable laws, and is consistent with the conservation purposes of this grant.

L. Present Condition of the Property. If there is a document describing the current condition and uses of the property, and if there is a mitigation plan that accurately describes the current condition and uses of the Property (or if not, another document we agree is accurate and can be identified and is in our files can be referenced), the wetlands, scenic, resource, environmental, and other natural characteristics of the Property, and its current use and state of improvement, are described in Section ____, Appendix B of the Mitigation Plan dated _____, prepared by Grantor and acknowledged by the Grantor and Grantee to be complete and accurate as of the date hereof. Both Grantor and Grantee have copies of this report. It will be used by the parties to assure that any future changes in the use of the Property will be consistent with the terms of this Conservation Easement. However, this report is not intended to preclude the use of other evidence to establish the present condition of the Property if there is a controversy over its use.

TO HAVE AND TO HOLD the said rights and easements perpetually unto Grantee for the aforesaid purposes.

IN TESTIMONY WHEREOF, the Grantor has hereunto set his hand and seal or, if corporate, has caused this instrument to be duly executed by its duly authorized representative, the day and year first above written.

RIVERBROOKE, LLC

By: _____ (SEAL)
H & H Investments, Inc., Member/Manager
Ralph Huff, III, President

By: _____(SEAL)
Caviness & Cates Building and
Development Company f/k/a Caviness &
Cates Development, Inc., Member/Manager
Watson G. Caviness, President

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that D. Ralph Huff III personally appeared before me this date and, being first duly sworn, acknowledged that he is President of H & H Investments, Inc., a North Carolina corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 9 day of July, 2013.

Crystal J Helmke
Notary Public

CRYSTAL J HELMKE NOTARY PUBLIC CUMBERLAND COUNTY, N.C.

My Commission Expires:
1-30-2015

North Carolina
Cumberland County

I, the undersigned Notary Public for the above stated county and state, hereby certify that Watson G. Caviness personally appeared before me this date and, being first duly sworn, acknowledged that he is President of Caviness & Cates Building and Development Company f/k/a Caviness & Cates Development, Inc, a North Carolina

corporation, member/manager of Riverbrooke, LLC, a North Carolina limited liability company, and that by authority duly given, and as the act of the company, he executed the foregoing instrument on behalf of the company for the purposes therein stated.

Witness my hand and official stamp or seal this 9 day of July, 2013.

Kyrie N. Rinehart
Notary Public

My Commission Expires:
9/16/2017

KYRIE N RINEHART NOTARY PUBLIC CUMBERLAND COUNTY, NC

EXHIBIT "A"
TO PERMANENT CONSERVATION EASEMENT

BEING all of that property known as RIVERBROOKE, SECTION 4, per plat of same duly recorded in Plat Cabinet 4, Slide 4-51, Map 001, Hoke County, North Carolina, Registry, as revised in Plat Cabinet 4, Slide 4-53, Map 005, Hoke County, North Carolina, Registry, as well as the plat entitled RIVERBROKE CONSERVATION AREAS duly recorded in Plat Cabinet 4, Slide 4-53, Map 002-004, Hoke County, North Carolina, Registry.

BK:01133 PG:0395

FILED
HOKE COUNTY NC
CAMILLE D. HURST
REGISTER OF DEEDS

FILED	Nov 19, 2015
TIME	09:41:41 am
BOOK	01133
START PAGE	0395
END PAGE	0398
INSTRUMENT #	24192
RECORDING	$26.00
EXCISE TAX JOP	(None)

AMENDMENT TO RESTRICTIVE COVENANTS FOR
RIVERBROOKE, SECTION TWO
RIVERBROOKE, SECTION THREE, and
RIVERBROOKE SECTION FOUR

Prepared by/return to: John G. Briggs III ; Lewis, Deese, Nance + Briggs, LLP
POB 1358, Fay., NC

THIS AMENDMENT TO RESTRICTIVE COVENANTS is made and entered into this 11th day of November, 2015 by RIVERBROOKE, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant":

WITNESSETH:

Declarant executed and caused to be recorded Restrictive Covenants for Sections Two, Three and Four of Riverbrooke in Book 899, Page 122, Book 950, Page 710 and Book 1046, Page 247, in the Hoke County, NC, Registry, the terms of which are incorporated herein by this reference (hereinafter, the "Restrictive Covenants"). The Restrictive Covenants provide that Declarant may amend the same as long as Declarant owns any Lot in Riverbrooke. Declarant owns more than one lot in Riverbrooke and desires to amend the Restrictive Covenants as set forth herein.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby expressly declares that the Declaration shall be amended and supplemented as follows:

1. Amendment to Section 8 of Article II USE RESTRICTIONS. Section 8 of Article II USE RESTRICTIONS is hereby deleted and in substitution thereof the following is inserted:

   Section 8. No mechanically defective automobile, motor vehicle, mechanical machine, or machinery, shall be placed or allowed to remain on a Lot at any time except in a closed garage. No vehicle in inoperable condition, no unlicensed

vehicle, no recreational vehicle, no camper, no golf cart, no boat, and no jet ski or other watercraft may be parked on any street or on any Lot, unless kept inside a garage or behind an approved fence or otherwise concealed from public view. No parked vehicle shall be covered by a "car cover" or other similar covering unless kept inside a garage and concealed from public view. In order to preserve the aesthetics of the subdivision, whether or not a boat, or vehicle of any type is adequately concealed from public view shall be determined by the Association in its sole discretion. The Association shall have the right to tow or remove any boat, recreation vehicle, camper, jet ski, watercraft, golf cart or vehicle of any type which is parked within the Common Area or kept on any Lot in violation of this section, at the Owner's expense, and the Owner of each Lot, by acceptance of their deed, does grant to the Association such an easement, on, across, and upon their Lot as may be necessary to enforce the provisions set out in this section. No commercial tractor or "semi", with or without the trailer, may be parked or kept on any Lot or on the Common Area, except in the course of delivery, pick up, or discharge of a specific commercial duty.

2. Addition of new Section 14, 15, 16 and 17. The following sections are added to Article II – USE RESTRICTIONS:

Section 15. Each Lot shall be maintained in a neat condition by the Owner thereof. In this context, the word "Lot" shall include that portion of the property from the outside of the structure on the applicable Lot to the adjacent paved road surface. All Lots upon which a dwelling has been constructed ("Improved Lots") must have grass lawns. No gravel or similar type lawns are permitted. For Improved Lots, "neat" shall require, at a minimum, that the front yard of each Lot, and in the case of corner lots, the side of each Lot along the side abutting roadways, be sodded, be regularly cut and fertilized, and that mulched or pinestrawed areas be regularly re-mulched or re-pinestrawed and kept weeded so that its appearance is in harmony with the neighborhood. No Owner shall allow the grass on an Improved Lot to grow to a height in excess of six (6) inches, measured from the surface of the ground. For unimproved Lots, "neat" shall require that the Lot is maintained in a sightly condition, free of debris, rubbish, weeds and high grass and in a prudent and reasonable manner harmonious with that of the other Lots within the subdivision.

Section 16. If an Owner fails to maintain the Lot or the improvements thereof, the Association, after giving such Owner at least ten (10) days' written notice, shall be authorized to undertake such maintenance at the Owner's expense. By accepting title to his Lot, each Owner shall be deemed to grant access upon the Owner's Lot and dwelling for such purpose and such entry shall not constitute a trespass. If such maintenance is undertaken by the Association or Declarant, the charge therefor and all costs of enforcement and collection shall be secured by a lien against the Lot as provided in this Declaration.

Section 17. Each Owner shall maintain all improvements constructed upon such Owner's Lot to the standards of their original construction. Each Owner shall

maintain in good condition and repair all improvements constructed upon such Owner's Lot, including, without limitation, the dwelling. Such maintenance obligations include keeping the exterior of all such improvements free of mold and mildew. No Owner shall change the exterior design or color of the dwelling on such Owner's Lot, including the roof thereof, except in compliance with this Article IV.

Section 18. No solar panels may be placed or installed on the front of the dwelling located on the Lot.

IN WITNESS WHERE, Declarant has caused this instrument to be executed in its name.

[Signatures continued on next page]

RIVERBROOKE, LLC

By: _____
Name:
Title: Manager

NORTH CAROLINA
CUMBERLAND COUNTY

I certify that the following person(s) personally appeared before me this day and acknowledged to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Watson G. Cavaness

Date: November 11, 2015

Kyrie N. Rinehart
Notary Public

Kyrie N. Rinehart
Printed or Typed Name of Notary Public

My commission expires: 9/16/2017

KYRIE N RINEHART NOTARY PUBLIC CUMBERLAND COUNTY, NC