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FOR REGISTRATION REGISTER OF DEEDS
REBECCA T CHRISTIAN
NEW HANOVER COUNTY, NC
2004 FEB 11 11:58 48 AM
BK. 4191 PG. 116-118 FEE: \$17.00

INSTRUMENT # 2004006804

RETURNED TO
Hogue + Hill

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KIRKWOOD AT
ARRONDALE

This Supplement to Declaration of Covenants, Conditions and Restrictions, made the 10 day of February, 2004, by FOGLEMAN SAFFO TURNER, INC., a North Carolina corporation, hereinafter referred to as "Declarant" or Developer";

WITNESSETH

Whereas, Declarant has subjected Sections 1, 2 and 3, KIRKWOOD AT ARRONDALE, as the same are shown on maps thereof recorded in Map Book 42, Page 104, Map Book 42, Page 216, and Map Book 43, Page 107, of the New Hanover County Registry, to a Declaration of Covenants, Conditions and Restrictions for Kirkwood at Arrondale (the "Declaration") recorded in Book 3270 at Pages 129-152, New Hanover County Registry; and

Whereas, the Declarant has added Sections 4 and 5 to Kirkwood at Arrondale being shown on a maps thereof recorded in Map Book 43, Page 249 and Map Book 44, Page 181, in the office of the Register of Deeds of New Hanover County; and

Whereas, the Declarant desires for Sections 4 and 5 of Kirkwood at Arrondale to be subject to the Declaration.

Now, therefore, Declarant hereby declares that all of the property within Section 4 and 5 of Kirkwood at Arrondale, as described above, shall be held, sold and conveyed subject to the Declaration, which Declaration shall run with the land and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its corporate name by its president pursuant to authority of Grantor's Board of Directors as of the day and year first above written.

FOGLEMAN SAFFO TURNER, INC.

By [Signature] President

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, V. M. Strachan, a Notary Public, certify that F. M. Fogleman personally came before me this day and acknowledged that he is the President of **FOGLEMAN SAFFO TURNER, INC.**, a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of said corporation.

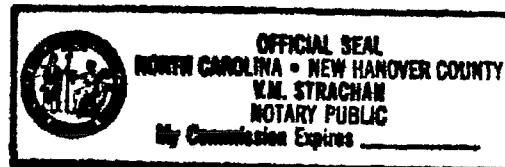
Witness my hand and seal, this the 10 day of February, 2006.

V. M. Strachan

Notary Public

My commission expires 2-20-2006

(SEAL)





FOR REGISTRATION REGISTER OF DEEDS
REBECCA I. CHRISTIAN
NEW HANOVER COUNTY, NC
2003 SEP 19 10:49:47 AM
BK 4018 PG 70-72 FEE \$17.00

INSTRUMENT # 2003061200

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KIRKWOOD AT
ARRONDALE

This Supplement to Declaration of Covenants, Conditions and Restrictions, made the 17 day of September, 2003, by FOGLEMAN SAFFO TURNER, INC., a North Carolina corporation, hereinafter referred to as "Declarant" or Developer";

WITNESSETH

Whereas, Declarant has subjected Sections 1, 2 and 3, KIRKWOOD AT ARRONDALE, as shown on maps thereof recorded in Map Book 42, Page 104, Map Book 42, Page 216 and Map Book 43, Page 107, and Section 1 of TOWNHOMES AT KIRKWOOD, recorded in Map Book 43, Page 49, New Hanover County Registry, to a Declaration of Covenants, Conditions and Restrictions for Kirkwood at Arrondale (the "Declaration") recorded in Book 3270 at Pages 129-152, New Hanover County Registry, as the Declaration may have been amended by Supplemental Declarations recorded in Book 3332, Page 64, Book 3493, Page 665 and Book 3563, Page 37, New Hanover County Registry; and

Whereas, the Declarant has added "**SECTION 2**" of "**TOWNHOMES AT KIRKWOOD**", the same being shown on a map thereof recorded in Map Book 44, Page 278-279, in the office of the Register of Deeds of New Hanover County; and

Whereas, the Declarant desires for Section 2 of Townhomes at Kirkwood to be subject to the Declaration, as amended by the above referenced Supplemental Declarations, and

Now, therefore, Declarant hereby declares that all of the property within Section 2, Townhomes at Kirkwood, as described above, shall be held, sold and conveyed subject to the Declaration, as amended, which Declaration shall run with the land and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof.

RETURNED TO

W. T. [Signature]

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its corporate name by its president pursuant to authority of Grantor's Board of Directors as of the day and year first above written.

FOGLEMAN SAFFO TURNER, INC.

By: [Signature] President

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

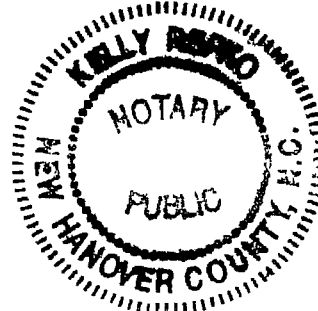
I, Kelly Repto, a Notary Public, certify that Mickay Fogleman personally came before me this day and acknowledged that he is the President of **FOGLEMAN SAFFO TURNER, INC.**, a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 17 day of September, 2003

[Signature]
Notary Public

My commission expires: 5-5-2007

(SEAL)



2
17.00



FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
2002 DEC 12 04:05:00 PM
BK 3563 PG 37-39 FEE \$17.00

INSTRUMENT # 2002063739

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KIRKWOOD AT
ARRONDALE

This Supplement to Declaration of Covenants, Conditions and Restrictions, made the 10th day of December, 2002, by FOGLEMAN SAFFO TURNER, INC , a North Carolina corporation, hereinafter referred to as "Declarant" or Developer",

WITNESSETH

Whereas, Declarant has subjected Sections 1 and 2, KIRKWOOD AT ARRONDALE, as the same are shown on maps thereof recorded in Map Book 42, Page 104 and MapBook 42, Page 216, of the New Hanover County Registry, to a Declaration of Covenants, Conditions and Restrictions for Kirkwood at Arrondale (the "Declaration") recorded in Book 3270 at Pages 129-152, New Hanover County Registry, and

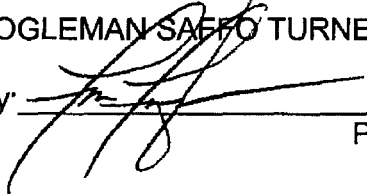
Whereas, the Declarant has added Section 3 to Kirkwood at Arrondale being shown on a map thereof recorded in Map Book 43, Page 107, in the office of the Register of Deeds of New Hanover County; and

Whereas, the Declarant desires for Section 3 of Kirkwood at Arrondale to be subject to the Declaration

Now, therefore, Declarant hereby declares that all of the property within Section 3 of Kirkwood at Arrondale, as described above, shall be held, sold and conveyed subject to the Declaration, which Declaration shall run with the land and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its corporate name by its president pursuant to authority of Grantor's Board of Directors as of the day and year first above written

*Return to:
Hogue, Hill
et al*

FOGLEMAN SAFFO TURNER, INC
By:  President

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, V.M. Strachan, a Notary Public, certify that F.M. Fogleman personally came before me this day and acknowledged that he is the President of **FOGLEMAN SAFFO TURNER, INC.**, a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of said corporation

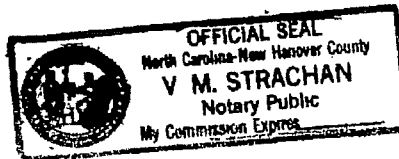
Witness my hand and seal, this the 10 day of Dec., 2002

V.M. Strachan

Notary Public

My commission expires 2-20-2006

(SEAL)



FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
2002 OCT 28 04:00:43 PM
BK: 3493 PG: 665-672 FEE: \$32.00
INSTRUMENT # 2002054313

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KIRKWOOD AT
ARRONDALE

This Supplement to Declaration of Covenants, Conditions and Restrictions, made the 28th day of October, 2002, by FOGLEMAN SAFFO TURNER, INC., a North Carolina corporation, hereinafter referred to as "Declarant" or Developer";

WITNESSETH:

Whereas, Declarant has subjected Sections 1 and 2, KIRKWOOD AT ARRONDALE, to a Declaration of Covenants, Conditions and Restrictions for Kirkwood at Arrondale (the "Declaration") recorded in Book 3270 at Pages 129-152, New Hanover County Registry; and

Whereas, the Declarant is adding Additional Property (as defined in the Declaration) to Kirkwood at Arrondale known as "**SECTION 1**" of "**TOWNHOMES AT KIRKWOOD**", the same being shown on a map thereof recorded in Map Book 43, Page 49, in the office of the Register of Deeds of New Hanover County (hereinafter referred to as the "Townhomes" collectively or as "Townhome" individually; and

Whereas, the Declarant desires for the Townhomes to be subject to the Declaration, as herein amended; and

Whereas, the Declaration provides that it may be amended by the Declarant, to the extent it applies to Additional Property, without the consent of the Members.

Now, therefore, Declarant hereby declares that all of the property within Townhomes at Kirkwood, as described above, shall be held, sold and conveyed subject to the Declaration, which Declaration shall run with the land and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof. Declarant

copy made

-2-

further declares that the Declaration is amended to the extent it applies to the Townhomes, as follows:

1. Article I is amended as follows:

A. Section 11 is amended to read:

SECTION 11. Limited Common Elements shall mean areas and facilities within any Lot which are for the exclusive use of the Lot Owner but which the Association is obligated to maintain pursuant to the terms of this Declaration. The Limited Common Elements shall consist of (i) the exterior of all Townhomes, including by way of illustration, but not limited to, roofs, exterior building surfaces, decks, porches, gutters and downspouts (operation and maintenance to include termite treatment), and (ii) all Townhome yards, including by way of illustration, but not limited to, irrigation systems, travelways, walkways, leaves, shrubs and grass but excluding privacy fences for each dwelling and that portion of the yard located within such privacy fencing.

B. A new Section 21 is added to read as follows:

SECTION 21. Townhome Common Elements shall mean that property shown on the above referenced recorded plat for the Townhomes labeled as "Townhome Common Elements" and generally consisting of the private roads located within the Townhome development.

2. Section 3 of Article III is amended to read:

SECTION 3. Membership. The Association shall have three classes of voting Membership.

Class A. Class A Members shall be Owners of Lots other than Lot Owners within the Townhomes.

Class B. Class B Members shall be Owners of Lots in the Townhouse Development.

Class C. The Declarant shall be a Class C Member.

The voting rights of each class of membership shall be as follows:

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(a) The Class A and B Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determined, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited. Class A members shall not be entitled to vote on any matters relating to the Class B Component (as hereinafter defined).

(b) The Class C Member shall be entitled to three (3) votes for each Lot owned and approved for development by the City of Wilmington. The Class C Membership shall cease and be converted to a Class A Membership on the happening of any of the following events, whichever occurs earlier:

(a) when the total vote outstanding in the Class A and B Memberships equals the total vote outstanding in the Class C Membership; or

(b) on March 1, 2007; or

(c) upon the voluntary surrender of all Class C Membership by the holder thereof.

The period during which there is Class C Membership is sometimes referred to herein as the "Declarant Control Period".

3. Article IV is amended as follows:

A. Section 3 is amended to read:

SECTION 3. Annual Assessments. The Executive Board shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year. Within 30 days after adoption of the proposed budget for the Planned Community, the Executive Board shall provide to all of the Lot Owners a summary of the budget, by components as established below in this Section, and notice of a meeting to consider its ratification, including a statement that the budget may be ratified without a quorum. The Common Element Component of the budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association rejects the Common Element Component. The Class B Component of the budget is ratified unless at the meeting a majority of the Class B Members rejects the Class B Component. In the event the any component of the proposed budget is rejected, the periodic budget component last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget

-4-

component proposed by the Executive Board. The Annual Assessment for each Lot shall be established based on the annual budget thus adopted; provided, however, that the first Annual Assessment shall be set by the Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the Assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. The following terms and conditions shall also govern the establishment of a budget and the setting of Annual Assessments:

(a) Budget and Assessment Components: The Board shall include as a separate component of the annual budget and of the Annual Assessments, along with such other components as the Board deems appropriate, the following:

(i) Common Element Component consisting of the annual cost of operating and maintaining the Common Elements.

(ii) Class B Component consisting of the annual cost of operating and maintaining the Limited Common Elements and the Townhome Common Elements.

(b) Calculation of Annual Assessments: The Common Element Component shall be paid equally by all Lots. The Class B Component shall be paid solely by the Class B Members (Townhomes).

B. The following sentence is added to the end of Section 4. A:

Special Assessments regarding the Class B Component shall be voted on and assessed against only the Class B Members.

4. Article VI is amended as follows:

A. Paragraph A. of Section 2 is amended to read:

A. Each dwelling within the Townhomes shall have a minimum of 900 square feet of enclosed, heated dwelling area and every other dwelling shall have a minimum of 900 square feet of enclosed, heated dwelling area; provided, however, the Architectural Control Committee may permit a dwelling in the Townhomes to have a

-5-

minimum of 900 square feet and every other dwelling to have a minimum of 900 square feet if the Committee in its sole discretion finds that the variance will not adversely impact property values within the Planned Community. The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling which is heated by a common heating system; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas.

B. A new paragraph K. is added to Section 3 to read:

Window Coverings. The design, style and color of window coverings for Townhome for windows visible from the street must be approved by the Association.

5. A new Section 9 is added to Article IX to read:

SECTION 9. Townhome Liability and Casualty Insurance. The Owner of each Townhome shall at all times keep his Townhome fully insured from casualty loss with general liability coverage. The Association shall be provided with written proof of such coverage by the Owner's insurance company and with notice of cancellation or non-renewal of such policies. The Association may obtain such insurance on any Owner's behalf who fails to carry such coverages and add the cost thereof to the Annual Assessment due by the Owner. The Association shall be entitled from time to time to specify the terms and conditions of such insurance coverages. The Association shall be named as additional insured on each policy and each Lot shall be insured for its full replacement value. The proceeds of insurance shall be used to defray the cost of repairs for the damage or reconstruction for which the proceeds are paid.

6. A new Article X is added to the Declaration to read:

ARTICLE X

PARTY WALLS - TOWNHOUSES

SECTION 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Townhomes and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law in North Carolina regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

-6-

SECTION 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

SECTION 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission.

SECTION 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act caused the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such element.

SECTION 5. Right to Contribute Runs with Land. The right of any Owner to contribute from any other Owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

SECTION 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this arbitrators shall choose one additional arbitrator, and the decisions shall be by a majority of all the arbitrators.

The Declaration remains in full force and effect as hereby amended.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its corporate name by its president pursuant to authority of Grantor's Board of Directors as of the day and year first above written.

FOGLEMAN SAFFO TURNER, INC.

By: Thuy F. Turner
Vice President

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

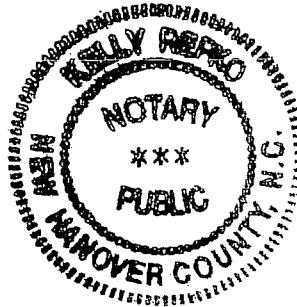
I, Kelly Repko, a Notary Public, certify that Terry F. Turner personally came before me this day and acknowledged that he is the Vice President of **FOGLEMAN SAFFO TURNER, INC.**, a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 28 day of October, 2002.

Kelly Repko
Notary Public

My commission expires: 5-5-2007

(SEAL)





REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
JUDICIAL BUILDING
316 PRINCESS STREET
WILMINGTON, NC 28401

Filed For Registration: 10/28/2002 04:00:43 PM
Book: RE 3493 Page: 665-672
Document No.: 2002054313
RESTR COV 8 PGS \$32.00

Recorder: KAREN D GALLOWAY

State of North Carolina, County of New Hanover

The foregoing certificate of KELLY REPKO Notary is certified to be correct. This 28TH of October 2002

REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: Karen Galloway
Deputy/~~Assistant~~ Register of Deeds

2002054313

2002054313

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KIRKWOOD AT
ARRONDALE

This Supplement to Declaration of Covenants, Conditions and Restrictions, made the 14 day of June, 2002, by FOGLEMAN SAFFO TURNER, INC., a North Carolina corporation, hereinafter referred to as "Declarant" or Developer";

WITNESSETH:

Whereas, Declarant has subjected Section 1, KIRKWOOD AT ARRONDALE, as the same is shown on a map thereof recorded in Map Book 42, Page 104, of the New Hanover County Registry, to a Declaration of Covenants, Conditions and Restrictions for Kirkwood at Arrondale (the "Declaration") recorded in Book 3270 at Pages 129-152, New Hanover County Registry; and

Whereas, the Declarant has added Section 2 to Kirkwood at Arrondale being shown on a map thereof recorded in Map Book 42, Page 216, in the office of the Register of Deeds of New Hanover County; and

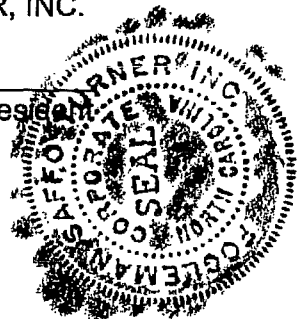
Whereas, the Declarant desires for Section 2 of Kirkwood at Arrondale to be subject to the Declaration.

Now, therefore, Declarant hereby declares that all of the property within Section 2 of Kirkwood at Arrondale, as described above, shall be held, sold and conveyed subject to the Declaration, which Declaration shall run with the land and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its corporate name by its president pursuant to authority of Grantor's Board of Directors as of the day and year first above written.

FOGLEMAN SAFFO TURNER, INC.

By: A. V. Saffo President



RETURNED TO Hogue Hill

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

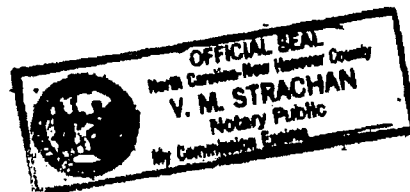
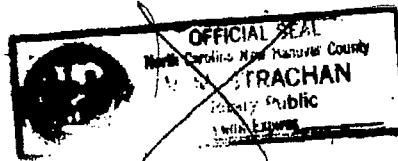
I, V. M. Strachan, a Notary Public, certify that A. V. Saffo
personally came before me this day and acknowledged that he is the ^{Vice}President of
FOGLEMAN SAFFO TURNER, INC., a corporation, and that he, as ^{Vice}President, being
authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 14 day of June, 2002.

V. M. Strachan
Notary Public

My commission expires: 2-20-2006

(SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

**DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR KIRKWOOD AT ARRONDALE**

This Declaration, Made the 9th day of April, 2002, by **FOGLEMAN SAFFO TURNER, INC.**, hereinafter referred to as "Declarant" or "Developer", **STEVENS BUILDING COMPANY** and **EVERETT BUILDERS, INC.** (Stevens and Everett hereinafter referred to as the "Builders"), for the purposes hereinafter stated;

WITNESSETH:

Whereas, Declarant is the owner of certain real property in New Hanover County, North Carolina, known as **KIRKWOOD AT ARRONDALE**, which is shown on a plat recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, in Map Book 42, Page 104, to which reference is made for a more particular description (the "Property"); and

Whereas, the Builders are the only Lot Owners within the Planned Community other than the Declarant; and

Whereas, the Builders desire to consent to the revocation of a prior set of restrictive covenants applicable to their Lots and to the substitution of this Declaration.

NOW, THEREFORE, Declarant declares that the Property described above shall be held, sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F of the North Carolina General Statutes (the "Act"), as well as the following easements, restrictions, covenants, and conditions.

ARTICLE I.

DEFINITIONS

In addition to other terms defined herein, the following capitalized terms shall have the following meanings as used herein:

SECTION 1. Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired or developed by Declarant, in addition to the above described Property, and annexed to and made a part of the Planned Community (as hereinafter defined).

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to Kirkwood at Arrondale Homeowners' Association, Inc., a North Carolina non-profit corporation, its successors and

W. Fogleman

assigns, the owners association organized pursuant to the Act for the purposes set forth herein.

SECTION 4. Common Elements shall mean and refer to all lands and easements within or appurtenant to the Planned Community owned by the Association, other than a Lot, and intended for the common use and enjoyment of the Owners, including, without limitation, any private roads and storm water retention ponds within the Planned Community. Common Elements need not be contiguous to or abutting the Property or any Additional Property.

SECTION 5. Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

SECTION 6. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise by law.

SECTION 7. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to Fogleman Saffo Turner Inc., its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant or a Lot not previously disposed of for the purpose of development and reserves or succeeds to any Special Declarant Right.

SECTION 8. Declarant Control Period shall have the meaning set forth in Article III hereof.

SECTION 9. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

SECTION 10. Executive Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Declaration or otherwise to act on behalf of the Association.

SECTION 11. Limited Common Elements shall mean areas and facilities within any Lot which are for the exclusive use of the Lot Owner but which the Association is obligated to maintain pursuant to the terms of this Declaration. The Limited Common Elements shall consist of NONE (if none, so state).

SECTION 12. Lot(s) shall mean and refer to any portion of the Planned Community designated for separate ownership by a Lot Owner.

SECTION 13. Lot Owner shall mean the Declarant or other Person who owns a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 14. Master Association means a master association as defined in the Act.

SECTION 15. Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 16. Planned Community shall mean and refer to the Property plus any Additional Property made a part of the Planned Community by the exercise of any Special Declarant Right.

SECTION 17. Purchaser means any Person, other than the Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 18. Reasonable Attorneys' Fees means attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

SECTION 19. Special Declarant Rights means rights reserved for the benefit of the Declarant including without limitation the right (i) to complete improvements intended or planned by Developer for the Property or Additional Property; (ii) to exercise any development or other right reserved to the Declarant by this Declaration or otherwise; (iii) to maintain within the Planned Community sales offices, management offices, construction offices/trailers, signs advertising the Planned Community, and models; (iv) to use the Common Elements for the purpose of making improvements within the Planned Community; (v) to make the Planned Community part of a larger planned community or group of planned communities; (vi) to make the Planned Community subject to a Master Association; or (vii) to appoint or remove any officer or Executive Board member of the Association or any Master Association during the Declarant Control Period.

SECTION 20. Stormwater Permit shall mean State Stormwater Permit # SW8 000530 issued by the North Carolina Division of Water Quality (DWQ), Department of Environment and Natural Resources (DENR), under North Carolina Administrative Code Section 2H.1000.

ARTICLE II.

PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Elements, if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The Association may make and amend reasonable rules and regulations governing use of the Common Elements by the Owners and Non-Owner Members;

B. The Association may grant a security interest in or convey the Common Elements, or dedicate or transfer all or part of the Common Elements, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least eighty percent (80%) of the Members, excluding the Developer; provided, however, that the Association may without the consent of the Owners grant easements, leases, licenses and concessions through or over the Common Elements. No conveyance or encumbrance of Common Elements shall deprive any Lot of its rights of access or support.

C. The Declarant shall be entitled to sell or grant not over forty (40) memberships to Persons other than Owners in any swimming pool and/or clubhouse which Declarant elects to construct and make part of the Common Elements (hereinafter referred to as the "Non-Owner Members or Memberships"). Non-Owner Members must be lot owners within Arrondale Subdivision. Non-Owner Members shall have the same rights and easement of use and enjoyment in and to the clubhouse/swimming pool as the Owners but Non-Owner Members shall not be Members of the Association; provided, however, the Non-Owner Memberships shall not be transferrable, shall be personal to the Non-Owner Members to whom the Declarant issues a Non-Owner Membership, and shall terminate upon its surrender, revocation or death of the Non-Owner Member to whom it was issued. Revocation of Non-Owner Membership shall occur, among other causes, if the Non-Owner Member ceases to be a lot owner within Arrondale Subdivision.

Handwritten note:
memberships
with pool

SECTION 2. Easements in Favor of Declarant and the Association. The following easements are reserved to Declarant and the Association, their agents, contractors, employees, successors and assigns:

A. Easements as necessary in the lands constituting the Common Elements and the rear, front and side ten feet of each Lot for the installation and maintenance of utilities and drainage facilities; including the right to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use

of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on the plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of the county where the Planned Community is located; the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance; the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance; and the right to locate wells, pumping stations, and tanks within residential areas, or upon any Lot with the permission of the Owner of such Lot. No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion. These easement areas (whether or not shown on the recorded plats for the Planned Community) but not the improvements within such areas shall be maintained by the respective Owner except those for which a public authority or utility company is responsible.

B. Easements over all private streets, if any, access easements, and Common Elements within the Planned Community as necessary to provide access, ingress and egress to and the installation of utilities for any Additional Property.

C. An easement of unobstructed access over, on, upon, through and across each Lot and the Limited Common Elements located thereon, if any, at all reasonable times to perform any maintenance and repair to the Limited Common Elements required by this Declaration.

SECTION 3. Other Easements. The following additional easements are granted by Declarant:

A. An easement to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Elements in the performance of their duties.

B. In case of any emergency originating in or threatening any Lot or Common Elements, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the immediate right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners.

C. The Association is granted an easement over each Lot for the purposes of providing Lot maintenance when an Owner fails to provide maintenance and upkeep in accordance with this Declaration.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Planned Community, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE III.

HOMEOWNERS' ASSOCIATION

SECTION 1. Formation of Association. The Association shall be incorporated no later than the date the first Lot in the Planned Community is conveyed. The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Elements and any Limited Common Elements in accordance with this Declaration, its Charter and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in the Act as it may be amended from time to time, in addition to any powers and authority otherwise granted to it.

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

SECTION 3. Voting Rights. The Association shall have two classes of voting Membership.

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

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

(a) when the total vote outstanding in the Class A Membership equals the total vote outstanding in the Class B Membership; or

(b) on March 1, 2007; or

(c) upon the voluntary surrender of all Class B Membership by the holder thereof.

The period during which there is Class B Membership is sometimes referred to herein as the "Declarant Control Period".

SECTION 4. Government Permits. After completion of construction of any facilities required to be constructed by Declarant pursuant to permits, agreements and easements for the Planned Community, all duties, obligations, rights and privileges of the Declarant under any water, sewer, stormwater and utility agreements, easements and permits for the Planned Community with municipal or governmental agencies or public or private utility companies, shall be the duties, rights, obligations, privileges and the responsibility of the Association, notwithstanding that such agreements, easements or permits have not been assigned or the responsibilities thereunder specifically assumed by the Association. There are additional provisions made in this Declaration concerning stormwater facilities and the Stormwater Permit.

SECTION 5. Common Elements. The Association shall at its sole cost and expense be responsible for the operation and maintenance of each Common Element within the Planned Community from the date of completion of its construction or improvement by the Developer, whether or not (i) such Common Element has actually been deeded to the Association, or (ii) any permit issued by a governmental agency to Declarant for the construction and operation of the Common Elements has been transferred from the Declarant to the Association or assumed by the Association. If the Declarant is required by any government agency to provide any operation or maintenance activities to a Common Element for which the Association is liable to perform such operation and maintenance pursuant to this section, then the Association agrees to reimburse the Declarant the cost of such operation and maintenance within 30 days after Declarant renders a bill to the Association therefor. The Association agrees to levy a Special Assessment to cover the amount of such bill if it does not have other sufficient funds available. Declarant shall be entitled to specific performance to require the Association to levy and collect such Special Assessment.

SECTION 6. Insurance. The Executive Board on behalf of the Association, as a Common Expense, may at all times keep the Common Elements and other assets of the Association, if any, insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall

be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgagees. At a minimum, the Association shall maintain the insurance coverages required by the Act.

SECTION 7. Architectural Control Committee. The Executive Board shall perform all duties of the Architectural Control Committee if no such committee is appointed by it, subject, however, to the Special Declarant Rights. Any Architectural Control Committee appointed by the Executive Board shall consist of at least 3 members.

ARTICLE IV.

COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner covenants and agrees to pay to the Association the following assessments (collectively the "Assessments"):

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

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Planned Community and for the maintenance, repair and replacement of the Common Elements and any Limited Common Elements. The funds arising from said assessments or charges, may be used for any or all of the following purposes: Operations, maintenance and improvement of the Common Elements,

and any Limited Common Elements, including payment of utilities; enforcing this Declaration; paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital; paying dues and assessments to any organization or Master Association of which the Association is a member; and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Elements and Limited Common Elements in good operating order and repair.

SECTION 3. Annual Assessments. The Executive Board shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year of the Association. Within 30 days after adoption of the proposed budget for the Planned Community, the Executive Board shall provide to all of the Lot Owners a summary of the budget and notice of a meeting to consider its ratification, including a statement that the budget may be ratified without a quorum. The budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board. The Annual Assessment for each Lot shall be established based on the annual budget thus adopted ;provided, however, that the first Annual Assessment shall be set by the Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the Assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid.

SECTION 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the following purposes:

A. To defray, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements and any Limited Common Elements, including fixtures and personal property related thereto, provided that any such Special Assessment shall have the assent of two-thirds (2/3) of the Members of each class who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of any meeting of Owners called for the purpose of approving such Special Assessment shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

B. Without a vote of the Members, to provide funds to reimburse the Declarant as provided for in Article III, Section 5, hereof.

SECTION 5. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a Common Expense, and the Association may at any time

levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Elements, if any, shall be a common expense, and the Association may at any time levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay ad valorem taxes not included as a component of the Annual Assessment.

SECTION 7. Working Capital Assessments. At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay to the Association as working capital an amount equal to 1/6th of the then existing Annual Assessment to be used for operating and capital expenses of the Association. Such amounts paid for working capital are not to be considered as advance payment of the Annual or any other Assessments.

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Month

SECTION 8. Rate of Assessment. The Association may differentiate in the amount of Assessments charged when a reasonable basis for distinction exists, such as between vacant Lots of record and Lots of record with completed dwellings for which certificates of occupancy have been issued by the appropriate governmental authority, or when any other substantial difference as a ground of distinction exists between Lots. However, Assessments must be fixed at a uniform rate for all Lots similarly situated.

SECTION 9. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant.

SECTION 10. Effect Of Nonpayment of Assessments And Remedies Of The Association. Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 11. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

A. The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot

is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107.1 and 47F-3-115 of the Act are enforceable as Assessments.

B. The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

C. The lien for unpaid assessments is extinguished unless proceedings to enforce the tax lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court.

D. Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorneys' fees for the prevailing party.

E. Where the holder of a first mortgage or deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title to the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all of the Lot Owners including such purchaser, its heirs, successors and assigns.

F. A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

ARTICLE V

RIGHTS OF DEVELOPER

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

SECTION 1. The Architectural Control Committee/Executive Board. All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or

the Bylaws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any Lot within the Property or any Additional Property. The Declarant shall be entitled during the Declarant Control Period to appoint and remove the officers and members of the Executive Board.

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

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

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

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

SECTION 4. Annexation of Additional Property. Declarant may annex to and make a part of the Planned Community any other real property which Declarant now owns or which Declarant may hereafter acquire or develop (the "Additional Property"). Annexation of Additional Property to the Planned Community shall require the assent of 67% of the Class A Members who are voting in person or by proxy at a meeting called for this purpose; provided, however, Additional Property may be annexed to the Planned Community without the assent of the Members so long as the Additional Property is developed in accordance with the same general scheme as the other portions of the Planned Community. Nothing herein shall require the Developer to annex any lands to the Planned Community. The Developer shall be entitled to develop any lands currently owned by it, other than the Property, in accordance with any scheme of development that Developer chooses.

ARTICLE VI.

USE RESTRICTIONS, ARCHITECTURAL CONTROL AND MAINTENANCE

SECTION 1. Approval of Plans for Building and Site Improvements. No dwelling, wall or other structure (including mail boxes) shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications showing the nature, kind, shape, heights, materials, colors and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Control Committee. If the Architectural Control Committee fails to approve or disapprove such

design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that in the sole and uncontrolled discretion of the Architectural Control Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Architectural Control Committee for its records. The Architectural Control Committee shall not be responsible for any structural or other defects in plans and specifications submitted to it or in any structure erected according to such plans and specifications.

SECTION 2. Minimum Standards for Site Improvements.

A. Each dwelling shall have a minimum of 900 square feet of enclosed, heated dwelling area; provided, however, the Architectural Control Committee may permit a dwelling to have a minimum of 850 square feet if the Committee in its sole discretion finds that the variance will not adversely impact property values within the Planned Community. The term "enclosed, heated dwelling area" as used herein shall mean the total enclosed area within a dwelling which is heated by a common heating system; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas.

B. Since the establishment of inflexible building setback lines for location of houses on Lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines shall be established by this Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any Lot shall be controlled by and must be approved absolutely by the Architectural Control Committee; provided, however, that no structure shall be constructed closer to a Lot line than is permitted by applicable governmental regulations.

C. The exterior of all dwellings and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder, due to strikes, fires, national emergency, natural calamities, or complexity of design and construction.

D. All service utilities, fuel tanks, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Architectural Control Committee, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision. All mail and newspaper boxes shall be uniform in design. Design for mail and newspaper boxes shall be furnished by the Architectural Control Committee. Fences shall be permitted on any Lot; provided, however, that the design, placement, and materials of any fence are

approved by the Architectural Control Committee. Clothes lines are not permitted on any Lot.

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

F. All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of illumination shall be clear, white or non-frost lights or bulbs.

SECTION 3. Use Restrictions.

A. Land Use And Building Type. No Lot shall be used for any purpose except for residential purposes, subject, however, to the rights of the Declarant contained herein. All numbered Lots are restricted for construction of one single family dwelling not to exceed one story in height (plus such detached garages and other accessory buildings as may be approved in their sole discretion by the Architectural Control Committee).

B. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owners thereof. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept condition of buildings or grounds on the Owner's Lot which would tend to decrease the beauty of the neighborhood as a whole or the specific area.

C. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot any time as a residence either temporarily or permanently without the written consent of the Association

D. Vehicles/Boats. No boat, motor boat, camper, trailer, motor or mobile homes, tractor/trailer, or similar type vehicle, shall be permitted to remain on any Lot or on any street at any time, without the written consent of the Association. The Association shall be entitled as a condition to its consent to require that any such items be stored in garages or otherwise out of view. No inoperable vehicle or vehicle without current registration and insurance will be permitted on any Lot, street or Common Element. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs

to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

E. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed or under the control of their owner and do not become a nuisance.

F. Statuary, TV Satellite Dishes and Outside Antennas. No yard statuary or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Architectural Control Committee; provided, however, satellite dishes not over 18" in diameter which cannot be seen from the street are permitted.

G. Construction in Common Elements. No Person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

H. Signs. No signs (including "for sale" or "for rent" signs) shall be permitted on any Lot or in the Common Elements without permission of the Executive Board; provided, however, the Declarant may so long as it owns any Lot maintain for sale signs on Declarant's Lots and signs on its Lots and in the Common Elements generally advertising the Planned Community.

I. Subdividing. Subject to any rights reserved to the Declarant herein, no Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the Declarant Control Period and thereafter by the Board of Directors of the Association.

J. Mail and Paper Boxes. Each Lot shall have one mail box at the common cluster postal center and one paper box the design of which shall be approved by the Architectural Control Committee.

SECTION 4. Maintenance. Each Lot Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects. All structures shall be kept neat and in good condition and repair. All shrubs, trees, grass and plantings shall be kept neatly trimmed and properly cultivated.

ARTICLE VII

STORMWATER PERMIT/FACILITIES

SECTION 1. Stormwater Permit. The Association and each of its Members agree that at anytime after (i) all work required under the Stormwater Permit has been completed (other than operation and maintenance activities), and (ii) the Developer is not prohibited under DENR regulations from transferring the Stormwater Permit for the Planned Community to the Association, the Association's officers without any vote or approval of Lot Owners, and within 10 days after being requested to do so, will sign all documents required by DENR for the Stormwater Permit to be transferred to the Association; provided, however, that at the time the Developer requests that the Association accept transfer of the Stormwater Permit, the Developer has delivered to the Association a certificate from an engineer licensed in the State of North Carolina, dated no more than 45 days before the date of the request, that all stormwater retention ponds, swales and related facilities are constructed in accordance with the plans and specifications therefore. If the Association fails to sign the documents required by this paragraph, the Developer shall be entitled to specific performance in the courts of North Carolina requiring that the appropriate Association officers sign all documents necessary for the Stormwater Permit to be transferred to the Association. Failure of the officers to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the stormwater facilities covered by the Stormwater Permit.

SECTION 2. Stormwater Facilities O & M. Any stormwater retention ponds and related facilities for the Planned Community which have or are to be constructed by or on behalf of Declarant constitute Common Elements and, subject only to the provisions of Section 3 of this Article VII, the Association, at its sole cost and expense, is responsible for the operation and maintenance of such facilities. Except as provided in Section 3 of this Article VII, the Association shall indemnify and hold harmless the Developer from any obligations and costs under the Stormwater Permit for operation and maintenance of the stormwater retention ponds and related facilities.

SECTION 3. Damage to Storm Water Facilities. The Declarant shall at its sole cost and expense be responsible for repairing any damage to stormwater facilities caused by the Developer's development activities. The Developer shall not be responsible for damages to stormwater retention ponds and related facilities caused by any other cause whatsoever, including but not limited to construction of residences or other activities by Owners, their agents and contractors, upon their Lots, acts of God, and the negligence of others. Lot Owners shall be responsible for damages to such stormwater facilities caused by construction of buildings or other activities upon the Owner's Lot. Each Owner, shall within 30 days after receipt of notice of damage to stormwater facilities, repair the damage at the Owner's sole cost and expense to return them to the state required by the stormwater plans and specifications for the Planned Community. If the Lot Owner fails to do so within said 30-day period, the Association shall perform the work and the cost of the work shall be added to the Annual Assessment due from the Lot Owner.

SECTION 4. Enforcement Of Storm Water Runoff Regulations. The impervious surface limitation coverage proposed on each Lot is consistent with the requirements of the Department of environmental Management coastal stormwater regulations. Each Lot shall contain impervious surfaces as defined by said regulations not in excess of 3,500 square feet. This allotted amount includes any built-upon area constructed within the property boundaries and that portion of the right-of-way between the front lot line and the edge of the pavement. Built-upon area includes but is not limited to structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas but does not include raised, open wood decking or the water surface of swimming pools. At no time shall the total impervious surface coverage on all Lots which have construction existing or approved thereon exceed the amount of impervious surfaces determined by multiplying the number of Lots by 3500 square feet. The impervious surface of the proposed pool and club area, if and when built upon, will not exceed 10,200.

All runoff from the built-upon areas of the Lot must drain into the permitted system. This may be accomplished through roof drain gutters which drain to the street, grading the lot to drain toward the street or grading perimeter swales and directing them into the pond or street. Lots that will naturally drain into the system are not required to provide these measures. Lots 105-119 are to be graded such that one-half of the flow drains toward the front of the Lot and one-half of the flow drains toward the back of the Lot and all other Lots must be graded such that all runoff drains toward the front of the Lot.

These covenants run with the land and are intended to insure continued compliance with the Stormwater Permit. Therefore, these covenants may not be changed or deleted without the consent of DWQ. The provisions of the Stormwater Permit are incorporated herein by reference and each Owner is required to refrain from taking any action which will be in violation of the Stormwater Permit.

ARTICLE VIII

LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Planned Community and the Lots. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners.

SECTION 2. Enforcement and Remedies. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns. The Executive Board shall be entitled to enforce its Articles of Incorporation, Bylaws and Rules and Regulations. In addition to the remedies otherwise provided for herein concerning the collection of Assessments, the following remedies shall be available:

A. Association to Remedy Violation. In the event an Owner (or other occupant of a Lot) is in violation of or fails to perform any maintenance or other activities required by this Declaration, the Association's Bylaws, Charter or Rules and Regulations, the Executive Board or its designee, after 30-days notice, may enter upon the Lot and remedy the violation or perform the required maintenance or other activities, all at the expense of the Owner. The full amount of the cost of remedying the violation or performing such maintenance or other activities shall be chargeable to the Lot, including collection costs and reasonable attorneys' fees. Such amounts shall be due and payable within 30 days after Owner is billed. If not paid within said 30 day period, the amount thereof may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot. In the event that any maintenance activities are necessitated to any Common or Limited Common Elements by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot.

B. Fines. The Association may in accordance with the procedures set forth in the Act establish a schedule of and collect fines for the violation of this Declaration or of the Association's Articles of Incorporation, Bylaws or Rules and Regulations. If an Owner does not pay the fine when due, the fine shall immediately become a part of and be added to the Annual Assessment against the Owner's Lot and may be enforced by the Association as all other Assessments provided for herein.

C. Suspension of Services and Privileges. The Association may in accordance with the procedures set forth in the Act suspend all services and privileges provided by the Association to an Owner (other than rights of access to Lots) for any period during which any Assessments against the Owner's lot remain unpaid for at least 30 days or for any period that the Owner or the Owner's Lot is otherwise in violation of this Declaration or the Association's Charter, Bylaws, or Rules and Regulations.

SECTION 3. Miscellaneous. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The remedies provided herein are cumulative and are in addition to any other remedies provided by law.

ARTICLE IX.

GENERAL PROVISIONS

SECTION 2. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Planned Community or the property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of Assessments or charges owed by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of any master insurance policy.

SECTION 3. Utility Service. Declarant reserves the right to subject the Property to contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections, impact fees or any other charges imposed by any entity furnishing water, sewer or other utility service to the Lots. In the alternative, the Developer may collect such connection, impact and other fees, and charges directly from the Lot Owners. All Lot Owners shall be required, for household purposes, to use water and sewer supplied by the companies/governmental units servicing the Planned Community. Separate water systems for outside irrigation and other outdoor uses shall be permitted so long as the system is approved by the Architectural Control Committee.

SECTION 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 5. Amendment of Declaration. Except in cases of amendments that may be executed by the Declarant under this Declaration or by certain Lot Owners under the Act, this Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, or by the Declarant if necessary for the exercise of any Special Declarant Right or development or other right reserved to the Declarant herein.

SECTION 6. FHA/VA Approval. So long as there is Class B membership, annexation of Additional Properties, dedication of Common Elements and amendments to this Declaration must be approved by the Federal Housing Administration and/or the Department of Veterans Affairs, as the case may be, if either of those agencies has

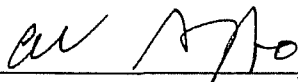
approved the making, insuring or guaranteeing of mortgage loans within the Planned Community.

SECTION 7. North Carolina Planned Community Act. It is the intent of the Declarant to comply with the requirements imposed on the Planned Community by the Act and to the extent any of the terms of this Declaration violate the Act, the terms of the Act shall control.


SECTION 8. Supercedes Prior Declaration. This Declaration supercedes and replaces that certain Declaration of Covenants, Conditions and Restrictions, dated March 14, 2002, recorded March 15, 2002, in Book 3235, Page 305 of the New Hanover County Registry (the "Prior Declaration"). Declarant and the Builders declare the Prior Declaration null and void in its entirety. Builders consent that this Declaration applies to the Lots owned by Builders.

IN TESTIMONY WHEREOF, Declarant has caused this Declaration to be signed in its corporate name by its president pursuant to authority of Declarant's Board of Directors as of the day and year first above written.

FOGLEMEN SAFFO TURNER INC.

By: 
Vice President

STEVENS BUILDING COMPANY

By: 
President

EVERETT BUILDERS, INC.

By: William Bell
V.P.

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

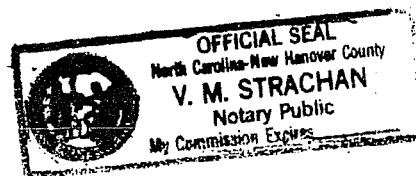
I, V. M. Strachan, a Notary Public, certify that A. V. Saffo
personally came before me this day and acknowledged that he is the ^{vice}President of FOGLEMAN SAFFO TURNER INC., a corporation, and that he, as ^{vice}President, being authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 12 day of April, 2002.

V. M. Strachan
Notary Public

My commission expires: 2-20-2006

(SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, V. M. Strachan, a Notary Public, certify that Michael Craig Stevens
personally came before me this day and acknowledged that he is the President of STEVEN'S BUILDING COMPANY, a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 15 day of April, 2002.

V. M. Strachan
Notary Public

My commission expires: 2-20-2006

(SEAL)



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, V. M. Strachan, a Notary Public, certify that William Bell
personally came before me this day and acknowledged that he is the President of EVERETT BUILDERS, INC., a corporation, and that he, as ^{Vice}_{Vice} President, being
authorized to do so, executed the foregoing on behalf of said corporation.

Witness my hand and seal, this the 16 day of April, 2002.

V. M. Strachan

Notary Public

My commission expires: 2-20-2004

(SEAL)





REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
JUDICIAL BUILDING
316 PRINCESS STREET
WILMINGTON, NC 28401

Filed For Registration: 04/17/2002 02:02:36 PM
Book: RE 3270 Page: 129-152
Document No.: 2002019308
DECL 24 PGS \$80.00
Recorder: PATRICIA BARNES

State of North Carolina, County of New Hanover

The foregoing certificate of V M STRACHAN Notary is certified to be correct. This 17TH of April 2002

REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: Patricia Barnes
Deputy/Assistant Register of Deeds

2002019308
2002019308

2
908
STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR KIRKWOOD AT ARRONDALE
SECTION 1

THIS DECLARATION, made the 14th day of March, 2002, by
FOGLEMAN SAFFO TURNER INC., a North Carolina Corporation (hereinafter referred to as
"Declarant");

WHEREAS, Declarant is the owner or contract purchaser of certain property in New
Hanover County, North Carolina, which is more particularly described as follows;

See exhibit "A" attached hereto and incorporated herein by reference.

AND, WHEREAS, Declarant desires to provide for a uniform development of said
property so as to preserve its value and to protect the present and future owners thereof.

NOW, THEREFORE, Declarant 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 inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. Association and HOA shall be used interchangeably to mean and refer to
KIRKWOOD AT ARRONDALE Homeowner's Association, Inc., a private, non-profit
corporation formed or to be formed by the developer primarily as a Homeowners Association for
the Lot owners in KIRKWOOD AT ARRONDALE, all of whom shall be members of the
Association. Bylaws of the Association are attached as exhibit "B".

Section 2. Common Area shall mean all real property owned by the Association for the
common use and enjoyment of the Owners. The Common area to be owned by the Association
at the time of the conveyance of the first Lot as described as follows:

All real property of the development excluding that which is directly beneath each
individual Lot.

Section 3. Declarant shall mean and refer to FOGLEMAN SAFFO TURNER INC. and
its successors and assigns, if such successors or assigns should acquire more than one
undeveloped Lot from the Declarant for the purpose of development. The address of the
Declarant is 1904 Eastwood Road, Suite 212, Wilmington, North Carolina 28403.

Section 4. Period of Declarant Control. Means the period commencing on the date hereof and continuing until the earlier of (a) five (5) years after the date of the first conveyance of a lot to an owner other than Declarant: (b) one hundred twenty (120) days after the conveyance of seventy-five percent (75%) of the lots (including any lots which may be created pursuant to special Declarant rights) to a lot owner other than Declarant: (c) two (2) years after Declarant has ceased to offer lots for sale in the ordinary course of business: (d) the date upon which Declarant voluntarily surrenders control of the development to the Lot Owners.

Section 5. Lot shall mean and refer to those portions of the subdivision property specifically allocated, platted and/or recorded as Lots for sale and/or use as single family or townhouse residences. Section 1 was recorded at Map Book 42, Page 104, New Hanover County Registry.

Section 6. 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. Each Lot owner shall also be a member of the Association.

Section 7. Properties shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II PROPERTY RIGHTS

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

- a. The right of Association to limit the number of guests of members;
- b. The rights of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- c. The right of the Association to dedicate or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless any instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;
- d. The right of the Association to impose regulations for the use and enjoyment of the

Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. DELEGATION OF USE. Every Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area or facilities to the member of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III EASEMENTS

Section 1. Easements are reserved as necessary in the Common Areas for installation and maintenance of underground utilities and drainage facilities.

Section 2. The Association, acting through its officers, agents, servants, and/or employees shall have the right of unobstructed access at all reasonable times to all properties as may be reasonably necessary to perform any exterior maintenance to be done.

Section 3. Each Lot and all common areas and facilities are hereby subjected to an easement for the landscaping, repair, maintenance, inspection, removal or other service of or to all electricity, television, telephone, water, sewer, utility, drainage, and painting of the exterior surfaces of all buildings and structures and the repair of all privacy fences on individual Lots or other common areas and facilities, whether or not the cause of any or all of those activities originates on the Lot in which the work must be performed.

Section 4. Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the common areas and facilities; and, for vehicular traffic over, through and across all streets as from time to time may be paved and intended for such purposes, for all Lot owners in KIRKWOOD AT ARRONDALE, their guests, families, invitees and lessees, the Association, the Declarant, its successors and assigns. Declarant hereby reserves alienable easements over all streets and other common areas as necessary to provide access for future development by Declarant or its successors and assigns of any properties adjoining the Project.

Section 5. An easement is hereby granted to all police, fire protection, ambulance, and all similar persons, companies or agencies performing emergency services to enter upon the Lots and common areas in performance of their duties.

Section 6. In case of any emergency originating in or threatening any Lot or other structure or the common areas and facilities, regardless whether the Lot owner is present at the time of such emergency, the Board of Directors or any other person authorized by it, shall have the right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot owners, and such right of entry shall be immediate.

Section 7. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any owner, purchaser, mortgagee and other person having any interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence or obligation, to the easements and rights described in this Declaration.

Section 8. The Declarant reserves the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of street lighting, which contract requires or will require a continuing monthly payment to Carolina Power & Light Company for each residential customer for street lighting service.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Each Lot Owner shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

ARTICLE V COVENANTS FOR ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENT. The Declarant, for each Lot owned within the Properties, hereby covenants, and each owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- a. Annual assessments or charges, with each Lot owner being responsible for paying 1/7 of the operating expenses for common areas and facilities and maintaining the landscaping on all Lots; and
- b. Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and

The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for

delinquent assessments shall pass to the obligor's successors in title.

Section 2. **PURPOSE OF ASSESSMENTS.** The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvements and maintenance of the Common Area, the payment of any taxes due on the common areas, the repair of all privacy fences installed by the Declarant, if any, the repair, maintenance and upkeep of the detention pond, drainage structures, drainage easements, Stormwater Management Permit #SW8 000530, the entrance to Arrondale on Carolina Beach Road and all private streets situated upon the properties until such time as the North Carolina Department of Transportation takes over maintenance of those streets.

Section 3. **MAXIMUM ANNUAL ASSESSMENT.** Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Four Hundred Twenty and No/100s Dollars (\$420) per Lot.

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

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

Section 4. **SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.** In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. **INSURANCE.** It shall be the duty of the Association to maintain in effect casualty and liability insurance upon the Common Areas and facilities, including the private streets, as follows:

a. **Amount and Scope of Insurance.** All insurance policies upon the Common Areas and, etc., shall be secured by the Board of Directors. Properties shall be secured by the Board of Directors, or its designee on behalf of the Association with full authority which shall obtain such insurance against (1) loss or damage by fire or other hazards normally insured against, and (2) such other risks, including public liability insurance, as from time to time shall be customarily required by private institutional Mortgage Investors for

projects similar in construction, location and use as the properties and the improvements thereon all under such terms and conditions as the responsible authority shall determine. However, such liability coverage shall be for a least \$1,000,000.00 for bodily injury, including death of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries, and deaths of persons in connection with the operation, or maintenance or use of the common areas and legal liability arising out of lawsuits relating to employment contracts of the Association.

b. Insurance Provisions. The Board of Directors shall make diligent efforts to ensure that said insurance policies provide for the following:

- (1) A waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Lot Owners and their employees, agents, tenants and invitees.
- (2) A waiver by the insurer of its right to repair and reconstruct instead of paying cash.
- (3) Coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days prior written notice to the name insured and all mortgagees.
- (4) Coverage will not be prejudiced by act or neglect of the Lot Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control.
- (5) The insurance coverage on the property cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Lot owners.
- (6) The insurance coverage on the property cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Lot owner or any mortgagee.

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

d. Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board as insurance trustee or to such attorney-at-law or institution with trust powers as may be approved by the Board of

Directors.

e. Policies. All insurance policies purchased by the Board of Directors shall be with a company or companies permitted to do business in the State of North Carolina and holding a rating of "A" or better by the current issue of Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and the Board of Directors thereof, as their respective interest may appear, and shall provide that all proceeds thereof shall be payable to the Board of Directors.

Section 6. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any such meeting, the members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. UNIFORM RATE OF ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS AND DUE DATES. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Lot by Declarant to a purchaser for value, except that annual assessments shall not commence for any Lot until a certificate of occupancy has been issued for such Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount to the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors and the Board of Directors shall have the authority to require the assessments to be paid in pro rata monthly installments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 9. EFFECT OF NONPAYMENT OF ASSESSMENTS AND REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. WORKING CAPITAL ASSESSMENT. At the time title to a Lot is conveyed to any owner, each owner shall contribute to the Association as a working capital reserve an amount equal to a two months estimated common area assessment. Such funds shall be used solely for initial operating and capital expenses of the Association, such as pre-paid insurance, supplies and for the common areas and facilities, furnishings and equipment, etc. Amounts paid into the working capital fund are not to be considered as advance payment of regular assessments. Any working capital funds remaining at the end of the first full operating year shall be transferred to and become part of the general funds of the Association, at the discretion of the Board of Directors.

ARTICLE VI FIDELITY BONDS

Section 1. GENERAL. The Association shall maintain blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association. If the Association shall delegate some or all the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by such management agent for its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association.

Section 2. AMOUNT OF COVERAGE. The total amount of fidelity bond coverage required shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months aggregate assessments on all Lots plus reserve funds.

Section 3. OTHER REQUIREMENTS. Fidelity bonds required herein must meet the following requirements:

- a. Fidelity bonds shall name the Association as an obligee.
- b. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons servings without compensation from the definition of

"employees", or similar terms or expressions.

c. The premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a common expense.

d. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least a ten (10) day prior written notice to the Association, to any insurance trustee and each eligible mortgage holder.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, heights, color, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by a majority of the Board of Directors of the Association or an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. No house plans will be approved unless the proposed house shall have a minimum of 900 square feet of enclosed dwelling area. The term "enclosed dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas; provided, further, that shed type porches, even though attached to the house are specifically excluded from the definition of the aforesaid term "enclosed dwelling area".

Section 3. Since the establishment of inflexible building setback lines for locations of houses on Lots tends to force construction of houses directly to the side of other homes with detrimental effects of privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines are established by these Restrictions. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any Lot shall be controlled by and must be approved absolutely by the architectural control committee.

Section 4. The exterior of all houses and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or builder, due to

strikes, fires, national emergency or natural calamities. During construction each Lot must be cleared of all unnecessary debris at least once a week.

Section 5. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than a single family dwelling not to exceed two stories in height, unless the architectural control committee approves in writing a structure of more than two stories pursuant to these Declarations, provided the use of such dwelling or accessory building does not in the opinion of the architectural control committee overcrowd the site, and provided further, that such buildings are not used for any activity normally conducted as a business.

Section 6. Service utilities, fuel tanks, clothes lines, wood piles and trash and garbage accumulations are to be enclosed within the Lot so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision.

Section 7. Off street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot, which parking areas and the driveways thereto shall be constructed of concrete, brick, or asphalt. On street parking shall be limited to guest parking.

Section 8. All duties and responsibilities conferred upon the Board or the Architectural Control Committee by this Declaration or the Bylaws of the Association shall be exercised and performed by the Declarant or its Designee, so long as Declarant shall own any Lot in the Properties or any additions annexed thereto by Supplemental Declaration or Amendment to this Declaration.

Section 9. The impervious surface limitation coverage proposed on each Lot is consistent with the requirements of the Department of Environmental Management coastal storm water regulations. Each Lot shall contain impervious surfaces as defined by said regulations not in excess of 3500 square feet. This allotted amount includes any built-upon area constructed within the property boundaries and that portion of the right-of-way between the front lot line and the edge of the pavement. Built-upon area includes but is not limited to structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas but does not include raised, open wood decking or the water surface of swimming pools. At no time shall the total impervious surface coverage on all Lots which have construction existing or approved thereon exceed the amount of impervious surfaces determined by multiplying the number of such improved lots by 3500 square feet. The impervious surface of the pool and club area will not exceed 10,200.

Section 10. All runoff from the built-upon areas of the lot must drain into the permitted system. This may be accomplished through roof drain gutters which drain to the street, grading the lot to drain toward the street or grading perimeter swales and directing them into the pond or street. Lots that will naturally drain into the system are not required to provide these measures.

Lots 105-119 are to be graded such that one-half of the flow drains toward the front of the lot and one-half of the flow drains toward the back of the lot and all other lots must be graded such that all runoff drains toward the front of the lot.

Section 11. These covenants are intended to ensure the ongoing compliance with State Storm Water Management Permit Number SW8 000530, as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the storm water management permit. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the State.

ARTICLE VIII USE RESTRICTIONS

Section 1. LAND USE AND BUILDING TYPE. All land shall be used for residential purposes except that so long as the Declarant shall retain ownership of any Lots, it may utilize any such Lot or Lots for sales or rentals, offices, models or other usage for the purposes of selling or renting Lots within said project. The Declarant may assign this limited commercial usage right to any other person or entities as it may choose; provided, however, that when all Lots have been sold, this right of commercial usage by the Declarant, its successors and assigns shall immediately cease. No Building shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling not to exceed one story in height. Any building erected, altered, placed or permitted to remain on any Lot shall be subject to the provisions of Article VII of this Declaration of Covenants, Conditions and Restrictions relating to architectural control.

Section 2. NUISANCES. No noxious or offensive activity shall be carried on, in or around any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. JUNK VEHICLES. No inoperable vehicle or vehicle without current registration and insurance will be permitted on the premises. The Associations shall have the right to have all such vehicles towed away at the owner's expense.

Section 4. FOR SALE SIGNS PROHIBITED. No "For Sale" signs or any other signs shall be permitted on any Lot or in the common areas and facilities, except that a "For Sale" sign or signs may be displayed by the Declarant on any Lot or Lot in the project so long as Declarant owns any Lot in the Properties unless approved by the Declarant..

Section 5. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, doghouse, or other outbuilding shall be used on any Common Area any time either temporarily or permanently except during construction by the developer.

Section 6. RECREATIONAL VEHICLES. No boat, motor boat, camper, trailer, motor or mobile homes, or similar type vehicle, shall be permitted to remain on any Lot yard or in parking spaces, at any time, unless by consent of the Association, and if properly stored out of sight in garages.

Section 7. ANIMALS. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free and are at all times properly leashed and personally escorted.

Section 8. OUTSIDE ANTENNAS. No outside radio or television antennas shall be erected on any Lot or dwelling Lot within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

Section 9. EXTERIOR LIGHTS. All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot shall be clear, white, or non-frost lights or bulbs as approved by the KIRKWOOD AT ARRONDALE Homeowner's Association.

Section 10. MAIL AND PAPER BOXES. Each Lot shall have one mail box at the common post office cluster box and one paper box which design shall be approved by the Association.

Section 11. YARD MAINTENANCE. Each Lot Owner will keep their front, rear and side yards in a neat and orderly manner.

ARTICLE IX ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Except as provided in Sections 2 and 3, below, annexation of additional property shall require the assent of two-thirds (2/3) of the Lot Owners, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 2. If the Declarant, its successors or assigns, shall develop all or any portion of any land contiguous to or within one mile from the property which is subject to this Declaration, such additional tract or tracts may be annexed to said Properties without the assent of the Lot Owners, provided however, the development of the additional tract described in this section shall be in accordance with the same general scheme of development as Section 1 of KIRKWOOD AT ARRONDALE including patio homes, townhouses and condominiums..

Section 3. The rights of Declarant reserved in Section 2 above shall expire automatically five (5) years from the date of filing these Declarations, if not exercised prior thereto.

ARTICLE X GENERAL PROVISIONS

Section 1. WATER, SEWER SERVICE AND OTHER UTILITIES. City of Wilmington, New Hanover County or a private utility company sewer service and water service for the development shall be provided and no private well shall be permitted on any Lot except for irrigation purposes approved by the KIRKWOOD AT ARRONDALE Homeowner's Association, and then only with the consent of the utility company, its successors or assigns.

Section 2. ENFORCEMENT. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall have the right to remedy any breach of these Declarations and assess costs against the offender as a special assessment.

Section 3. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. LOTS SUBJECT TO DECLARATION. All present and future owners, tenants and occupants of dwellings and their guests or invitees, shall be subject to and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot as though such provisions were made a part of each and every deed of conveyance or lease.

Section 5. BOAT AND RECREATIONAL VEHICLE STORAGE. Lot Owners may have to the right to store boats on trailers and recreational vehicles at a location designated on the recorded plat of KIRKWOOD AT ARRONDALE, if any, subject to the rules and regulation established by the Declarant or its successors.

Section 6. POOL CLUB. Lot Owners will automatically become members of the Kirkwood at Arrondale Pool Club, subject to the rules and regulations established by the

Declarant or its successors. The dues for the Pool Club will be part of the Lot Owner's HOA dues. The Declarant will have the right to sell forty (40) non Lot Owner memberships in the Pool Club. The Declarant will have the right to charge a non-refundable initiation fee, paid to Declarant, for these non Lot Owner memberships. The initial monthly dues for non Lot Owner members will be Thirty and No/100 Dollars (\$30.00). If a non Lot Owner members does not pay their dues for two (2) consecutive months, their membership will be automatically terminated. The non Lot Owner membership is not transferable.

Section 7. STORM WATER PERMIT AND MAINTENANCE. When control of the Homeowners Association passes to the property Owners from the Declarant, the Storm Water Permit from the State of North Carolina and its maintenance will be taken over by the Homeowners Association

Section 8. AMENDMENT OF DECLARATION. The covenants and restrictions of this Declaration may be amended by an instrument duly recorded in the Office of the Register of Deeds of New Hanover County signed by not less than sixty-seven (67%) percent of the Lot Owners; provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto Declarant, including the right of Declarant to develop contiguous and to extend the scheme of this Declaration to such other property by the recording of subsequent Declarations as herein provided. Notwithstanding the foregoing, the Declarant shall have the right to make amendments to this Declaration, without the other Lot Owners consent, as long as the Declarant's interest represents sixty-seven (67%) percent of the votes of the Association. Notwithstanding the foregoing, the provision of the covenants pertaining to stormwater, may not be altered or rescinded without the express written consent of the State of North Carolina Division of Water Quality.

Section 9. MORTGAGE OF COMMON AREAS. The common areas may not be mortgaged without the approval of 67% of the lot owners excluding the Declarant.

IN WITNESS WHEREOF, FOGLEMAN SAFFO TURNER INC., the Declarant, has caused this instrument to be executed by its proper corporate officers, this the _____ day of _____, 2002.

DECLARANT:

FOGLEMAN SAFFO TURNER INC.

BY: _____

F. M. FOGLEMAN - President

ATTEST: _____

Terry F. Turner

TERRY F. TURNER - Secretary



STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, **STEVEN F. SIEGEL**, a Notary Public of the County and State aforesaid certify that TERRY F. TURNER personally came before me this day and acknowledged that he is the Secretary of FOGLEMAN SAFFO TURNER INC., a North Carolina Corporation, and that by authority duly given and as an act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and official stamp or seal, this the 14th day of March, 2002.

My Commission Expires: _____

Notary Public

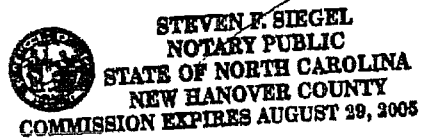


EXHIBIT "A"

TRACT 1

BEGINNING AT THE NORTHEAST CORNER OF LOT #1, PILOTS RIDGE AERO PLANTATION, SECTION 1, AS RECORDED IN MAP BOOK 22, PAGE 55, OF THE NEW HANOVER COUNTY REGISTRY. SAID POINT ALSO BEING THE INTERSECTION OF THE SOUTHERN LINE OF PILOTS RIDGE ROAD (60' PRIVATE R/W) AND THE EASTERN LINE OF CAROLINA BEACH ROAD, US HWY, 421 (160' R/W) AS SHOWN ON SAID MAP; RUNNING THENCE ALONG SAID SOUTHERN LINE.

1. N 86° 58' 08" W 2451.30' TO A CONCRETE MONUMENT AT THE SOUTHERN END OF THE WEST TERMINUS OF PILOTS RIDGE ROAD, SAID MONUMENT ALSO BEING THE NORTHWEST CORNER OF LOT 20, AS SHOWN ON SAID MAP; THENCE, ALONG THE NORTHERN LINE OF THAT TRACT NOW OR FORMERLY BELONGING TO PATRICIA REA WRIGHT AND RECORDED IN DEED BOOK 1521, PAGE 0776 OF SAID REGISTRY.
2. N 86° 56' 34" W 769.97' TO A CONCRETE MONUMENT; THENCE,
3. S 03° 04' 01" W 260.40' TO A CONCRETE MONUMENT IN THE CENTER OF 30' DRAINAGE EASEMENT, THENCE, ALONG THE CENTER OF SAID EASEMENT.
4. S 86° 58' 50" E 256.97' TO A POINT; THENCE,
5. S 03° 01' 52" W 180.00' TO A POINT; THENCE,
6. N 86° 58' 08" W 1642.22' TO A POINT IN THE EASTERN LINE OF THAT TRACT NOW OR FORMERLY BELONGING TO SANDERS AND RECORDED IN DEED BOOK 1612, PAGE 0991, OF THE NEW HANOVER COUNTY REGISTRY; THENCE, ALONG SAID EASTERN LINE AND ALONG THE EASTERN LINE OF TIDALHOLM VILLAGE, SECTION 1, AS RECORDED IN MAP BOOK 35, PAGE 156, OF SAID REGISTRY.
7. N 03° 20' 40" E 707.39" TO A POINT; THENCE LEAVING SAID SECTION 1,
8. S 86° 57' 09" E 3889.05' TO A POINT; THENCE,
9. S 02° 50' 20" W 206.28' TO A POINT IN THE NORTHERN RIGHT OF WAY OF PILOTS RIDGE ROAD; THENCE, ALONG THE NORTHERN RIGHT OF WAY OF SAID ROAD,
10. S 86° 58' 08" E 707.30' TO A CONCRETE MONUMENT IN THE WESTERN LINE OF CAROLINA BEACH ROAD, US HWY 421. SAID MONUMENT HAVING NC GRID COORDINATE (NAD'83) N131,171.6783' AND E2,333,026.5668' AND BEING LOCATED N 03° 33' 36" W (GRID BEARING N 06° 36' 38"E) 1766.54' (GRID DISTANCE 1766.67' WITH THE COMBINED FACTOR=1.0000748) FROM NCGS MONUMENT "JIGGS". SAID MONUMENT "JIGGS" HAVING NC GRID COORDINATES (NAD'83) N129,416.7523 AND E2,333,229.9464; THENCE, ALONG SAID WESTERN LINE,

11. S 02° 28' 08" E 30.14 TO A MONUMENT IN THE CENTERLINE OF PILOTS RIDGE ROAD, THENCE,

12. S 02° 28' 08" E 30.14 TO THE POINT OF BEGINNING, CONTAINING 39.84 ACRES +/-.

TOGETHER WITH AND SUBJECT TO THE FOLLOWING TRACTS AND ANY OTHER EASEMENTS AND/OR RIGHTS OF WAY OF RECORD.

TRACT 2

BEGINNING AT THE NORTHEAST CORNER OF LOT 1, PILOTS RIDGE AERO PLANTATION, SECTION 1, AS RECORDED IN MAP BOOK 22, PAGE 55, OF THE NEW HANOVER COUNTY REGISTRY. SAID POINT ALSO BEING THE INTERSECTION OF THE SOUTHERN LINE OF PILOTS RIDGE ROAD (60' PRIVATE R/W) AND THE EASTERN LINE OF CAROLINA BEACH ROAD, US HWY. 421 (160' R/W) AS SHOWN ON SAID MAP; RUNNING THENCE ALONG SAID SOUTHERN LINE.

1. N 86° 58' 08" W 2451.30' TO A CONCRETE MONUMENT AT THE SOUTH END OF WEST TERMINUS OF PILOTS RIDGE ROAD. SAID MONUMENT ALSO BEING THE NORTHWEST CORNER OF LOT 20, AS SHOWN ON SAID MAP; THENCE, ALONG THE WEST TERMINUS OF SAID ROAD,
2. N 03° 01' 52" E 60.00 TO THE NORTHERN LINE OF SAID ROAD; THENCE, ALONG SAID NORTHERN LINE,
3. S 86° 58' 08" E 1738.23' TO THE SOUTHWEST CORNER OF THAT TRACT NOW OR FORMERLY BELONGING TO FAIRWAY UTILITIES AND RECORDED IN DEED BOOK 2440, PAGE 125, OF SAID REGISTRY, THENCE, CONTINUING ALONG SAID NORTHERN LINE,
4. S 86° 58' 08" E 707.30' TO A CONCRETE MONUMENT IN THE WESTERN LINE OF CAROLINA BEACH ROAD, US HWY 421. SAID MONUMENT HAVING NC GRID COORDINATES (NAD '83) N131,171.6783' AND E 2,333,026.5668' AND BEING LOCATED N 03° 33' 36" W)GRID BEARING N06° 36' 38" E) 1766.54' (GRID DISTANCE 1766.67' WITH THE COMBINED FACT = 1,0000748) FROM NCGS MONUMENT "JIGGS". SAID MONUMENT "JIGGS" HAVING NC GRID COORDINATES (NAD '83) N129,416.7523 AND E 2,335,229.9464; THENCE, ALONG SAID WESTERN LINE
5. S 02° 28' 08" E 30.14' TO A MONUMENT IN THE CENTERLINE OF PILOTS RIDGE ROAD; THENCE,
6. S 02° 28' 08" E 30.14' TO THE POINT OF BEGINNING, CONTAINING 3.37 ACRES +/- AND BEING ALL OF PILOTS RIDGE ROAD (60' PRIVATE R/W) AS SHOWN ON THAT MAP RECORDED IN MAP BOOK 22, PAGE 55 OF THE NEW HANOVER COUNTY REGISTRY.

TRACT 3

BEGINNING AT A CONCRETE MONUMENT AT THE NORTHWEST CORNER OF LOT 20, PILOTS RIDGE AERO PLANTATION, SECTION 1, AS RECORDED IN MAP BOOK 22, PAGE 55, OF THE NEW HANOVER COUNTY REGISTRY. RUNNING THENCE ALONG THE NORTHERN LINE OF THAT TRACT NOW OR FORMERLY BELONGING TO PATRICIA LEA WRIGHT AND RECORDED IN DEED BOOK 1521, PAGE 776, OF SAID REGISTRY,

1. N 86° 56' 34" W 769.97' TO A CONCRETE MONUMENT; THENCE,
2. N 03° 03' 26" E 60.00' TO A POINT; THENCE,
3. S 86° 56' 34" E 769.94' TO A POINT; THENCE,
4. S 03° 01' 52" W 60.00' TO THE POINT OF BEGINNING, CONTAINING 1.06 ACRES +/- AND BEING ALL OF THAT EASEMENT FOR INGRESS AND EGRESS AS DESCRIBED IN DEED BOOK 1336, PAGE 1609, OF SAID REGISTRY.

TRACT 4

COMMENCE AT THE SOUTHWEST CORNER OF LOT 176, PHASE 1, SECTION 1, ARRONDALE SUBDIVISION AS THE SAME IS SHOWN ON MAP BOOK 36, PAGE 106 OF THE NEW HANOVER COUNTY REGISTRY; THENCE ALONG AND WITH THE NORTH LINE OF THE TALMAN TRACT NORTH 86 DEGREES 57 MINUTES 09 SECONDS WEST A DISTANCE OF 874.94 FEET TO THE POINT OF BEGINNING; THENCE ALONG AND WITH THE NORTH LINE OF THE TALMAN TRACT NORTH 86 DEGREES 57 MINUTES 09 SECONDS WEST A DISTANCE OF 1115.52 FEET TO A POINT; THENCE NORTH 03 DEGREES 02 MINUTES 51 SECONDS EAST A DISTANCE OF 162.30 FEET TO A POINT; THENCE NORTH 30 DEGREES 49 MINUTES 07 SECONDS EAST A DISTANCE OF 60.06 FEET TO A POINT; THENCE NORTH 03 DEGREES 26 MINUTES 35 SECONDS EAST A DISTANCE OF 291.71 FEET TO A POINT; THENCE NORTH 08 DEGREES 02 MINUTES 42 SECONDS EAST A DISTANCE OF 244.40 FEET TO A POINT; THENCE NORTH 02 DEGREES 24 MINUTES 44 SECONDS WEST A DISTANCE OF 382.02 FEET TO A POINT IN THE SOUTH LINE OF MONTEREY HEIGHTS SUBDIVISION; THENCE ALONG AND WITH THE SOUTH LINE OF MONTEREY HEIGHTS SUBDIVISION SOUTH 87 DEGREES 24 MINUTES 44 SECONDS EAST A DISTANCE OF 1129.66 FEET TO A POINT; THENCE SOUTH 02 DEGREES 15 MINUTES 12 SECONDS WEST A DISTANCE 179.19 FEET TO A POINT; THENCE SOUTH 31 DEGREES 27 MINUTES 53 SECONDS WEST A DISTANCE OF 61.43 FEET TO A POINT; THENCE SOUTH 03 DEGREES 47 MINUTES 11 SECONDS WEST A DISTANCE OF 182.94 FEET TO A POINT; THENCE SOUTH 01 DEGREES 13 MINUTES 58 SECONDS EAST A DISTANCE OF 288.99 FEET TO A POINT; THENCE SOUTH 04 DEGREES 46 MINUTES 27 SECONDS WEST A DISTANCE OF 195.07 FEET TO A POINT; THENCE SOUTH 20 DEGREES 36 MINUTES 57 SECONDS WEST A DISTANCE OF 51.75 FEET TO A POINT; THENCE SOUTH 03 DEGREES 02 MINUTES 51 SECONDS WEST A DISTANCE OF 191.34 FEET TO THE POINT OF BEGINNING; CONTAINING 28.66 ACRES, MORE OR LESS.

TRACT 5

BEGINNING AT A POINT LOCATED N 87° 24' 44" W 1129.66 FEET FROM THE NORTHWEST CORNER OF SECTION 2, ARRONDALE SUBDIVISION, AS RECORDED IN MAP BOOK 38, PAGE 345, OF THE NEW HANOVER COUNTY REGISTRY, AND RUNNING THENCE ALONG THE WEST LINES OF THAT TRACT RECORDED IN BOOK 2685, PAGE 246 OF SAID REGISTRY.

1. S 02° 24' 44" E. 382.02 FEET,
2. S 08° 02' 42" W 244.40 FEET,
3. S 03° 26' 35" W. 291.71 FEET,
4. S 30° 49' 07" W 60.06 FEET,
5. S 03° 02' 51" W 162.30 FEET TO A POINT IN THE NORTH LINE OF THE TALMAN TRACT; THENCE ALONG THE SAID NORTH LINE,
6. N 86° 57' 09" W 1399.45 FEET TO THE EAST LINE OF SECTION 1, TIDALHOLM VILLAGE, AS RECORDED IN MAP BOOK 35, PAGE 156; THENCE, ALONG SAID EAST LINE AND BEYOND,
7. N 03° 27' 08" E 117.29 FEET AND
8. N 10° 53' 39" W 1030.53 FEET TO THE SOUTHWEST CORNER OF SECTION 3, MONTEREY HEIGHTS, AS RECORDED IN MAP BOOK 17, PAGE 51; THENCE, ALONG THE SOUTH LINE OF MONTEREY HEIGHTS,
9. S 87° 24' 44" E 1661.93 FEET TO THE POINT OF BEGINNING.