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**INDEXED IN GRANTOR INDEX:**

**CARAWAY COVE SUBDIVISION  
CARAWAY COVE HOMEOWNERS' ASSOCIATION, INC.  
CARAWAY COVE ARCHITECTURAL CONTROL COMMITTEE  
CARAWAY COVE, LLC**

NORTH CAROLINA  
PAMLICO COUNTY

**DECLARATION OF RESTRICTIVE  
AND PROTECTIVE COVENANTS**

**CARAWAY COVE SUBDIVISION**

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS is made pursuant to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes and is entered this the 5<sup>th</sup> day of October, 2007, between Caraway Cove LLC, a Delaware Limited Liability Company, acting by and through its duly appointed attorney-in-fact, C. G. Watkeys (hereinafter "Declarant") and THE CARAWAY COVE HOMEOWNERS' ASSOCIATION, INC., a North Carolina Non-Profit Corporation (hereinafter "Association"), a community services association with an Architectural Control Committee having powers as described herein;

WITNESSETH:

WHEREAS, Declarant owns the real property described in Article 1 of this Declaration and desires to subject said real property to the restrictive and protective covenants hereinafter set forth in order to provide for the preservation of values, amenities, desirability and attractiveness

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of said property, and for the continued maintenance and operation of any recreational and/or Common Areas.

WHEREAS, it is in the best interest, benefit, and advantage of the Declarant, each Owner of such property, and every party hereafter acquiring such property that these restrictive and protective covenants, which shall regulate the use and occupancy of the property, be established, which restrictive and protective covenants is and are for the benefit of the property as well as each Owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every Lot or parcel thereof, and shall apply to and bind the successors in interest and any Owner thereof.

NOW THEREFORE, in consideration of the premises, Declarant hereby declares and agrees with all parties hereafter acquiring any of the property that the property hereinafter described is and shall be held, transferred, sold and conveyed subject to the restrictive and protective covenants herein set forth, which restrictive and protective covenants shall be binding on all parties acquiring any right, title or interest in any of the property and which shall inure to the benefit of each Owner thereof, as well as their successors in interest.

### ARTICLE I DESCRIPTION OF REAL PROPERTY

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

BEING all of that property known as Caraway Cove, as more particularly described on Exhibit A, attached hereto and incorporated herein by reference as if fully set forth.

TOGETHER WITH AND INCLUDING that property located between Lots 1 and 2 of Caraway Cove as shown on map recorded in Plat Cabinet A, Slide <sup>104-11</sup>~~104-14~~, Pamlico County Registry. This property is to be acquired by Declarant in the future and Declarant reserves the right to subject this property to this Declaration and also to have all the benefits contained herein.

### ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to Caraway Cove Homeowners' Association, Inc., its successors and assigns.

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Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinafter described, and such additions thereto as hereafter be brought within the jurisdiction of the Association, and specifically includes all of that subdivision known generally as Caraway Cove, Pamlico County, North Carolina.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners including Lots, and specifically shall mean any storm water control or disposal improvements, piers, walkways, streets, boat ramps, if any, which may be constructed.

Section 5. "Lot" shall mean and refer to any plot of land designated for separate ownership and shown upon any recorded subdivision map of the Properties with the exception of the Common Area, and includes any improvements thereon, if any.

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

### **ARTICLE III** **GENERAL RESTRICTIONS**

Section 1. "Residential Use": All lots shall be used exclusively for residential purposes of a single family. No business, trade, garage sale, moving sale, rummage sale, or similar activity shall be conducted upon a lot without the prior written consent of the Board. An Owner or occupant residing in a dwelling on a lot may conduct business activities within the dwelling so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling; (ii) the business activity conforms to all zoning requirements for the lot; (iii) the business activity does not involve regular visitation of the dwelling or lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the subdivision; and (iv) the business activity is consistent with the residential character of the subdivision and does not constitute a nuisance, or a hazardous or

offensive use, or threaten the security or safety of other residents of the subdivision, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

The leasing of a dwelling or lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any lots which it owns within the subdivision, including the operations of a timeshare or similar program.

Section 2. "Built Upon Area": Consistent with the Storm Water Management permit from NCDENR for CARAWAY COVE SUBDIVISION, the allowable built upon area per lot in CARAWAY COVE SUBDIVISION is listed and shown on Exhibit "B". "Built upon area" shall mean that portion of the Lot, which is covered by impervious or partially pervious cover including right of way, buildings, pavement, walkways or patios of brick, stone or slate, but not including wood decking. This requirement as to built upon area shall not be waivable. This requirement shall not, however, apply to the "amenity area or site" common area. This covenant is intended to ensure continued compliance with the storm water permit issued by the State of North Carolina.

Section 3. "Compliance with Wetlands Regulations, CAMA Regulations, and any other and all Governmental Setbacks and other Regulations": It shall be the responsibility of each Owner to determine what portions of their Lot are regulated by wetland regulations, CAMA regulations, or other governmental setbacks and other regulations. It shall also be the responsibility of each Owner, prior to alteration of any Lot, to determine if any Lot shall have been determined to meet the requirements for designation as a regulatory wetland and if any such Lot is subject to any of the regulations referred to above. Any subsequent fill or alteration of this wetland shall conform to the requirements of state wetland rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this restriction is to prevent additional wetland fill, so the property Owner should not assume that a future application for fill will be approved. The property Owner shall report the name of the subdivision in any application pertaining to wetland rules. This covenant is intended to insure the continued compliance with wetland rules adopted by the State of North Carolina; therefore, benefits may be enforced by the State of North Carolina. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

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Section 4. "On-site Sewage Systems": Each property Owner is required to provide private on-site sewage systems and comply with all regulatory agency requirements for the installation, maintenance and operation. The costs of these systems will be the responsibility of the Lot Owner and may differ from Lot to Lot.

Section 5. "Roadside Swale": No one may fill in, pipe, or alter any roadside swale except as necessary to provide a minimum driveway crossing.

Section 6. "Allowable/Prohibited Structure": All structures must be approved by Declarant or Architectural Control Committee. No structure shall be erected, altered, placed or permitted to remain on any Lot other than a single, one family dwelling not to exceed three stories in height, a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only and such other outbuildings as may be provided for elsewhere herein. Each dwelling shall contain a minimum of 1800 heated square feet. This covenant shall not be construed as prohibiting the use of a new dwelling as a model home for sales/rental purposes.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporary or permanently. No trailer, mobile home, camper or like vehicle shall be allowed on the property at any time, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly and which is designed to be disassembled and relocated shall be allowed. It is specifically the intention and purpose of this covenant to prohibit the location of any manufactured home as defined in NCGS 143-145 and any structure for which a "Label of Compliance" as defined in NCGS 143-145 is issued, including but not limited to those structures which are generally referred to as mobile homes, trailers, relocatable houses, or similar type structures on the property.

"Modular construction" of walls, floor systems, roof trusses and other portions of the structure shall be permitted providing that it is a full floor joist system not supported by chassis or steel frame. Fabrication shall not be limited to the building lot.

This covenant shall not be construed as prohibiting the use of such a structure as a sales/rental model or office or construction site facility.

No more than one outbuilding may be constructed on any Lot without the express written approval of the Architectural Control Committee. Said outbuilding shall be only for the purposes of housing boats, cars, and RV's as well as lawn and garden equipment. In addition to any such outbuilding, and with prior approval of the Architectural Control Committee, additional outbuildings, including but not limited to a barn(s) or stable(s) may be constructed on any Lot

that is three (3) acres or larger. Said buildings, including barns or stables, must be constructed in a workman-like manner, enclosed on at least three (3) sides as well as the top, with some sort of door, which would thus enclose all four (4) sides of the building

No structure with a roof pitch of less than 6-12 feet is permitted upon any Lot.

The Properties shall not used as a campground. Permanent residence in any type of camping equipment is strictly prohibited.

AS TO LOT 28: As of the date of the recordation of these Restrictive Covenants, there is presently located on Lot 28 a mobile home. The Buyer of Lot 28 shall be entitled to continue to use the mobile home located on said lot until such time as there are five (5) homes built within Caraway Cove Subdivision or until such time as the Homeowners' Association by majority vote requires the removal of the mobile home. In either case, the owner of Lot 28 shall be notified by the Homeowners' Association with respect to removal of said mobile home and said mobile home must be removed within ninety (90) days of said notice.

Section 7. "Structure Location": No structure, other than fence, may be built within ten (10) feet from any property line without written approval from Declarant or Caraway Cove Architectural Control Committee.

Section 8. "Construction Time and Activity": Once construction of a dwelling or other improvements are started on any Lot, the exterior construction of the dwelling and other improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement. Construction activity shall be confined within the boundaries of each Lot. Each Owner shall be responsible for any damage done to any streets, roadways, access ways, Common Areas, or property of other Owners within the subdivision which may be caused by any Owner, his agents, employees, guests, licensees or invitees during construction and at any other time. The Association shall have the right to assess any Owner for such damage and such charge shall be an assessment against the Owner and the Lot and shall be subject to collection as any other regular assessment.

Section 9. "Construction Debris": During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the Lot must be cleaned of excess debris at least once per week. Each Lot Owner shall be obligated to collect and dispose of all rubbish and trash resulting from construction on his Lot.

Section 10. "Nuisances": No noxious, offensive, or illegal activity shall be carried on or conducted upon any Lot, nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to the neighborhood. No trade, commerce, or other activity, which may be considered a nuisance to the neighborhood, shall be carried on upon any Lot. No

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trade materials or inventories may be stored upon any Lot. No tractor-trailer type trucks, house trailers, or mobile homes may be stored or regularly parked on any Lot. No junk or unsightly vehicles of any type or description may be placed upon any Lot.

Section 11. "Animals": No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that household pets may be kept provided they are not kept for breeding or commercial purposes. Any such household pet shall not be allowed off the Lot of the Owner of said pet unless said pet is attended and on a leash. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot. Pet pens, dog runs, and "boxes, if allowed, must be approved by the Association prior to construction or placement and must be screened from adjacent rights-of-way and lots.

Improvements constructed for the maintenance of animals shall be kept in good repair and must conform generally in appearance with any dwelling upon a Lot, although such improvements need not be constructed of materials identical to an existing dwelling. Each Lot Owner shall maintain any such improvements placed upon any Lot, and no unsightly or dilapidated buildings or other structures shall be permitted on any Lot. Improvements must be approved by Declarant or Architectural Control Committee.

Section 12. "Signs": No sign or billboard of any kind shall be erected or allowed to remain on any Lot including a "For Sale" or "For Rent" sign without prior written approval of Declarant, until such time as at least ninety percent (90%) of the Lots are sold.

Section 13. "Subdivision": No Lot or Lots shall be subdivided except to enlarge an adjoining Lot, but any Lot so enlarged cannot be improved with more than one single-family dwelling. In no event, shall any Lot be subdivided if the result of each subdivision is separate ownership of less than a whole Lot. However, Declarant, its successors or assigns, reserves the right to relocate any Lot boundary line and make major and minor boundary line adjustments between Lots so long as said relocation does not create an additional Lot and further provided that one Lot may be combined with another Lot or Lots or a portion thereof to create a larger Lot, in which cases these covenants shall be construed to apply to the larger Lot so created. Upon the recombination of any Lots to reduce the total number of allowable building Lots, for purposes of membership in the Association and for purposes of the payment of dues and assessments, any recombined Lots shall be considered a single Lot upon recordation of a plat so showing in the office of the Register of Deeds.

Section 14. "Piers and Bulkheads": Piers and bulkheads may be constructed on the property or adjacent thereto provided that, prior to construction, written approval has been obtained from the appropriate Federal, State, County, and/or local authority. All improvements must be approved by Declarant and/or Caraway Cove Architectural Control Committee.

Section 15. "Roads, Rights of Way and Driveways": The roads and rights of way constructed throughout the Properties are for the common uses of Declarant, Lot Owners, and Lot Owners of the future development of the Properties and their respective heirs, successors and assigns. There will be no on-street parking allowed within the Properties. All driveways constructed on any Lots shall be paved with either asphalt or concrete for a distance of at least 20 feet from the adjoining paved roadway. Concrete or HDPE plastic culvert pipes are to be used and the ends of the culvert pipes used for driveways must be capped to prevent erosion. All culvert pipe sizes must be a minimum of fifteen inches (15") and must be approved by Declarant or Architectural Review Board prior to installation. Any damage by driveway connections to the private road shown upon said plats, or to the ditches or shoulders of the road, or to the flow of drainage water along said road, shall be repaired at the expense of the Owners connecting such driveways, within thirty (30) days of notification.

Section 16. "Road/Street Expansion": Declarant hereby reserves unto itself the right to use any Lot, prior to it being sold to a third person, for ingress and egress to any other adjoining property. Declarant reserves the right unto itself to extend any existing roadways shown on the recorded subdivision plats referred to above, to any additional property lying outside the subdivision and to allow access including utilities to these properties over and across any and all roadways of Caraway Cove as shown on map recorded in Plat Cabinet A, Slide 164-11, thru 164-14 Pamlico County Registry.

**ARTICLE IV**  
**CONSTRUCTION TIME AND ACTIVITY**

Section 1. No construction of any kind, including but not limited to, the clearing or grading of any Lot for building purposes, or the building of any wall, fence, landscaping, berm or hedge which act as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until: 1) the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee, as provided elsewhere herein; and 2) the owner of said Lot shall have deposited or caused to be deposited with the Association a deposit to defray the cost of repair of any common facilities damaged by the proposed construction in the minimum amount of \$5,000.00 for home construction and a minimum of \$250.00 for any other improvements or such higher amount as the Association may set. The deposit requirement shall not be waivable.

Once construction of a dwelling or other improvements is started on any Lot, the improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement. If construction is not completed within (12) months the Association shall provide notice of the violation of this covenant and shall conduct a hearing in accordance with its By Laws and may levy such maximum fine as may



be allowed by law until the home is complete in accordance with the covenants. The Construction activity shall be confined within the boundaries of each Lot. Each owner shall be responsible for any damage done to any streets, roadways, access ways, common areas, or property of other Owners within the subdivision which may be caused by any owner, his agents, employees, guests, licensees or invitees, during construction and at any other time.

The Association shall have the right to assess any owner for such damage and such charge shall be an assessment against the owner and the Lot and shall be subject to collection as any other regular assessment. The ends of culverts are to be capped to prevent erosion.

Section 2: During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew and the lot must be cleaned of excess debris at least once per week. Each lot owner shall be obligated to collect and dispose of all rubbish and trash resulting from construction on his lot.

Section 3: No dwelling or other improvement shall be constructed which shall have an exterior of concrete blocks, asbestos or asphalt siding. Outdoor, uncovered living areas should be constructed with materials and colors that are compatible with the exterior materials and detailing of the house. Railings should be consistent with the architectural character of the house. Patio and terrace surfacing materials should be concrete, stone, or pavers.

**ARTICLE V**  
**MEMBERSHIP AND VOTING RIGHTS**

Section 1. "Association": A non-profit corporation named CARAWAY COVE HOMEOWNERS' ASSOCIATION has been or will be chartered pursuant to the Nonprofit Corporation Act and the North Carolina Planned Community Act of the General Statutes of North Carolina. Its purposes are to enforce the restrictive and protective covenants herein, including but not limited to the architectural control standards established herein; maintain CARAWAY COVE in a clean and attractive condition; own, manage and maintain certain of the amenities as are more fully described herein; provide an organization for the benefit of the Lot Owners within CARAWAY COVE and hold and administer funds derived from assessments. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment. The Association shall be comprised of all Lot Owners and Declarant.

Section 2. "Organization and Administration": The Association shall organize, elect officers, and operate freely within the restrictions herein contained. Declarant, either through its employees, agents or assigns, will administer the Association until seventy-five percent (75%) of all Lots have been sold in the subdivision. Following the sale of seventy-five percent (75%) of the Lots, the Association will elect its own administrators of the Association. When seventy-five percent (75%) of the Lots as shown on the above mentioned plats have been sold, the

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Association shall take over any and all responsibilities and obligations of the Association, including but not limited to any and all maintenance of the roads and Common Areas.

Section 3. "Membership": The Association shall have two (2) classes of voting membership:

1. Class I members shall be all Owners of a Lot in CARAWAY COVE, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

2. The Class II member(s) shall be the Declarant and shall be entitled to ten (10) votes for each Lot owned.

**ARTICLE VI**  
**COVENANTS FOR ASSESSMENTS**

Section 1. "Creation of the Lien and Personal Obligations of Assessment": Every Lot hereinbefore described shall be subject to assessment for maintenance and other expenditures hereinafter set forth. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

1. annual assessments or charges;
2. special assessments;
3. a pro rata share of ad valorem taxes levied against the Common Area if the Association shall default in the payment therefore for a period of six (6) months, all as hereinafter provided.

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

Section 2. "Purpose of Assessments": The assessments levied by the Association shall be used exclusively to promote the general health, safety, and welfare of the residents in the Properties; improve and maintain the Common Areas and specifically any storm water control or disposal improvements; satisfy road maintenance expenses, administrative and enforcement costs hereof, and future developments.

Section 3. "Minimum Annual Assessment": The initial minimum and annual assessment for each Lot shall be \$200.00 per year. Declarant shall be exempt from any and all assessments for any Lot owned either now or in the future. The annual assessment may be increased or decreased at any time by an affirmative vote of seventy-five percent (75%) of all Lot Owners present at a duly called meeting therefore.

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 that year only for any purpose, provided that any such assessment shall have the assent of seventy-five percent (75%) of all Lot Owners present at a duly called meeting therefore.

Section 5. "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 of this Article V shall be sent to all members not less than 30 days nor more than sixty (60) days in advance of the meeting. The presence of members or proxies entitled to cast fifty-one percent (51%) of all the votes shall constitute a quorum. Unless otherwise specified herein, all the decisions shall be made by a majority vote at a duly called meeting hereunder.

Section 6. "Remedies for Non-Payment of Assessments": Any assessments which are not paid when due shall be delinquent. The assessment shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fees as may be set by the Board. The Association shall have the power to file a lien of record against any Lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Said lien shall be filed in the office of the Clerk of Superior Court of Pamlico County in a manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area or abandonment of his dwelling unit or site.

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

judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

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

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and Owner of the obligation secured by this Declaration. The Registered Agent of the Association shall be the Trustee for all purposes of the foreclosure proceeding and the Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the said substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the Trustee to sell the land subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages and deeds of trust, and upon compliance with the law then relating to foreclosure proceedings and under power of sale to convey to the purchaser in as full and ample manner as authorized by Chapter 45. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the sale shall, after the Trustee retains his commission, together with any additional attorneys' fees incurred by the Trustee, be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessment, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the property, and any advancements made by the Association in the protection of the security.

Section 7. "Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvement by Association": Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien subject to the lien of the governmental authority levying said ad valorem taxes on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

Section 8. "Subordination of the Lien to Mortgages": The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to

mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

**ARTICLE VII**  
**ARCHITECTURAL CONTROL COMMITTEE**

Section 1. Submission of Plans and Specifications: Except for original and initial construction and subsequent modification of improvements by the Declarant on any Lot which such construction is and shall be exempt from the provisions of this provision, no building, wall, fence, landscaping, berm or hedge which acts as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until: 1) the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee; and 2) the owner of said Lot shall have deposited or caused to be deposited with the Association a deposit to defray the cost of repair of any common facilities damaged by the proposed construction in the minimum amount of \$5,000.00 for home construction and a minimum of \$250.00 for any other improvements or such higher amount as the Association may set. The deposit requirement shall not be waivable.

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

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

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

Section 2. Procedure: (a) The Architectural Control Committee shall make all efforts to cooperate with the Owner or agent in effecting a prompt and reasonable response to any submission. Within fifteen (15) days after receipt of all required information, the Architectural Control Committee shall submit in writing to the Owner of the Lot a response stating whether or not the requested improvements are approved. If a response is not given by the Architectural Control Committee within fifteen (15) days, the plan shall be deemed approved. The Architectural Control Committee shall have the power to promulgate reasonable rules and

regulations designed to carry out the provisions and intent of this paragraph. Any such rules and regulations shall be approved by the Board of Directors prior to implementation.

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

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

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

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

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

(1) That the improvements sought to be constructed will have a negative economic impact on any other lot within the subdivision.

(2) That required specific buildings standard or other condition contained within the Restrictive Covenant documents have not been met.

(3) That the improvements are architecturally incompatible with proposed or constructed improvements on other lots within the subdivision.

(4) That the natural features of the lot will be disturbed to an extent more than reasonably necessary to construct the proposed improvements. In addition to the above required finding, in order to deny a submission, the Architectural Control Committee must provide a specific and detailed response of why an approval with conditions was not a reasonable alternative to the denial.

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

Section 4. Committee Membership: Until such time as the sale of the last numbered lot in the subject property is evidenced by the recordation of a deed therefore, all rights, privilege, powers and authority granted herein to the initial Architectural Control Committee, to whom the specific power to act hereunder is expressly conveyed, shall be exercised by the Declarant, its successors or assigns. The Declarant may assign its powers hereunder to an Architectural Control Committee, but so long as Class II membership shall exist, the Declarant shall appoint a majority of the Architectural Control Committee. Thereafter, all representatives shall be appointed by the Board of Directors of the Association. Except as set out above, the Architectural Control Committee shall be composed of three (3) Owners appointed by the Board and shall serve at the pleasure of the Board.

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

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

Section 7. Notice: Submissions for approval may be made to the Architectural Control Committee c/o the Association to any of the following:

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- (1) The address to which an owner is directed to send assessments or dues as appears on the most recent billing statement,
- (2) The address of the Association Registered Agent as it is listed in the Office of the Secretary of State, or
- (3) At such address as may be provided in writing (on the letterhead of the Association and signed by the managing agent or officer of the Association) to the applicant upon request for instructions regarding submission.

Section 8. Mail to Owner: Any requirement for mail service shall be complied with by mailing said notice to the address shown on the county tax records for the respective lot owner.

**ARTICLE VIII**  
**UTILITY AND DRAINAGE EASEMENTS**

Easements for installation and maintenance of utilities and drainage facilities are reserved ten (10) feet in width over all side Lot lines and twenty-five (25) feet along any road and as may be shown upon any recorded plats of the Properties. No building, residence, garage or other permitted accessory building may be constructed within said easements. In addition, the Properties are subject to easements, setbacks, and road right of ways as shown on the recorded plats referenced above. Declarant hereby reserves unto itself, its successors and/or assigns, the following:

- (1) The right to erect and maintain utilities and drainage facilities over the areas described in this paragraph; and
- (2) The right to grant Lot Owners and owners of adjacent properties lying outside the subdivision easements within these areas and under subdivision roads for utilities including, but not limited to cable, electric, septic systems and water; and
- (3) The right to grant easements for the purposes described hereinabove, in paragraphs (1) and (2) over and across, any unsold Lot still owned by Declarant.



**ARTICLE IX**  
**OWNER'S EASEMENT 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:

- (1) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area,
- (2) The right of the Association to limit the number of guests of members,
- (3) The right of the Association to suspend the voting right and 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, and
- (4) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, regulations may further restrict the use of the Common Area.

**ARTICLE X**  
**GENERAL PROVISIONS**

Section 1. "Term": These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

Section 2. "Enforcement": In the event of a violation or breach of any of these restrictions, covenants, agreements and conditions by any person or concern claiming by, through or under the undersigned, or by virtue of any judicial proceedings, the Association, its successors and assigns and the Owners of the Lots in the subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms hereof, to prevent the violation or breach of any of them, and/or recover damages, if appropriate. Costs and reasonable attorneys' fees shall be recoverable by the Association as part of any judgment or order to enforce these covenants. The failure to enforce any right, reservation,

restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 2.1. Remedies Extended to the State of North Carolina: To ensure that this subdivision is maintained consistent with the laws of the State of North Carolina, the State of North Carolina is specifically empowered to take such acts necessary by and through its officers to enforce any of these covenants against an Owner or the Association. The State of North Carolina is specifically made a beneficiary of these covenants.

Section 3. "Modification of Restrictive Covenants": These restrictive and protective covenants are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided Lot or part thereof during the first twenty-five (25) year period from the date of recording hereof by written document executed by the Declarant or their successors in title after affirmative vote or written agreement signed by Lot Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated. Declarant, or its successors and assigns, shall be allowed to amend these restrictive and protective covenants, notwithstanding any other provision contained herein and without joinder of any other party, for the purpose of correcting any discovered error contained herein, clarifying any ambiguity contained herein, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of CARAWAY COVE SUBDIVISION and the Owners therein. Further, Declarant reserves, in the sole discretion of Declarant, the right to amend, modify or add to these covenants and restrictions on an individual basis pursuant to individual purchaser requests and requirements. Such modifications or amendments in accordance with this section will be accomplished by specific language in the individual deeds or supplementing these covenants by separate recorded instrument.

Section 3.1 " Litigation": No judicial or administration proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of each of the Classes of members and a majority of the Board of Directors. This Section shall not apply, however to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the Declarant or is approved by the percentage votes and pursuant to the same procedures necessary to institute proceedings as provided above.

Section 4. "Severability": Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect and the failure of any person or persons to take action to restrain the violation of

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any of these covenants and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenants.

Section 5. "Variances": The Association may allow reasonable variances and adjustments of the restrictions set forth in this Declaration in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided however, that any such variance granted must be done in conformity with the intent and purposes of the general development scheme and provided also that in every instance such variance or adjustment shall not materially be detrimental or injurious to other property or improvements within the Properties.

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

Caraway Cove, LLC  
BY: [Signature]  
C. G. Watkeys, Attorney in Fact

STATE OF NORTH CAROLINA  
COUNTY OF PITT

I, the undersigned Notary Public, do hereby certify that C. G. Watkeys, Attorney-in-Fact for Caraway Cove, LLC, personally appeared before me this day and being by me duly sworn says that he executed the foregoing and annexed instrument for and on behalf of Caraway Cove, LLC, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the Office of Register of Deeds for Pamlico County, North Carolina, on October 5<sup>th</sup> 2007 and recorded in Book 504, Page 520 and that this instrument was executed under and by virtue of the authority duly given by said instrument granting him the power of attorney; that the said C. G. Watkeys acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the said Caraway Cove, LLC.

WITNESS my hand and official seal, this the 5<sup>th</sup> day of October, 2007.

[Signature]  
NOTARY PUBLIC

My Commission Expires: NN 4<sup>th</sup>, 2009

