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DECLARATION OF '93 JUL 20 AM 11 50
 COVENANTS, CONDITIONS AND RESTRICTIONS
 OF
 CAROLINA LAKES SUBDIVISION, PHASE VII

GAYLE P. HOLDER
 REGISTER OF DEEDS
 HARNETT COUNTY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF CAROLINA LAKES SUBDIVISION, PHASE VII is made this 1st day of June, 1993 by Patten Corporation, hereinafter referred to as "Declarant", and any and all persons, firms, or corporations hereinafter acquiring any of the within described property or any of the property hereinafter made subject to this Declaration.

W I T N E S S E T H:

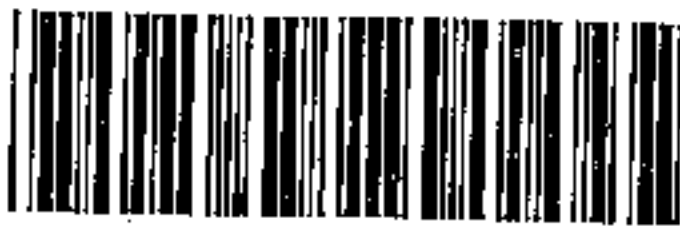
WHEREAS, Declarant owns certain property in Harnett County, North Carolina, known as Carolina Lakes, Phase VII, portions of which are more particularly described by one or more plats thereof recorded in the following Plat Cabinet(s) and Slide(s): Plat Cabinet F, Slides 171-A and 171-B, in the Office of the Register of Deeds for Harnett County, to which recorded plat(s) reference is hereby made for more complete description(s);

WHEREAS, Declarant has agreed to develop Phase VII of Carolina Lakes Subdivision with essentially the same scheme as phases I-VI and therefore hereby establishes a general plan of development as herein set out to restrict the use and occupancy of the property made subject to this Declaration for the benefit and protection of the property and for the mutual protection, welfare and benefit of the present and the future owners thereof;

WHEREAS, Declarant intends to subject to Declaration additional portions of Carolina Lakes, Phase VII, now owned by the Declarant for the purpose of extending the general scheme of development to such additional property and accordingly declares that Carolina Lakes Subdivision, Phase VII, may be expanded to include additional property now owned by Declarant;

WHEREAS, Declarant desires to provide for the preservation of the values of Carolina Lakes Subdivision, Phase VII, as expanded, hereby and hereinafter made subject to this Declaration and for the preservation and maintenance of the Common Property established by the Declaration and by any supplements hereto.

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described on said recorded plat(s) and all of the property hereinafter made subject to this Declaration by recorded supplements hereto referencing subsequently recorded plats, 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



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conditions, which are for the purpose of protecting the value and desirability of Carolina Lakes Subdivision, Phase VII, as it now exists and is hereafter expanded and that such easements, restrictions, covenants and conditions shall burden and run with said real property and be binding on all parties now or hereafter owning said real property and their respective heirs, successors and assigns, having any right, title or interest in the properties now or hereafter subjected to this Declaration or any part thereof, and shall inure to the benefit of each owner thereof and burden each owner's real property that is subjected to this Declaration.

ARTICLE I

DEFINITIONS

Section 1: "Association" shall mean and refer to Carolina Lakes Property Owners Association, Inc., a nonprofit North Carolina corporation, its successors and assigns, trading under the assumed name of Carolina Lakes Property Owners Association.

Section 2: "Common Property" shall mean all property owned by the Association for the common use and enjoyment of all Owners and the Declarant. Common Property includes, without limitation: (i) all existing and future roads and rights-of-way; (ii) all greenways, lakes, dams, easements, median strips, cul-de-sac centers, planting areas; (iii) all entry way, direction and informational signs (and the areas set aside for their location); (iv) any recreational areas (including, without limitation, such tennis and swim facility, open space, walking trails, riding trails, bridle paths, ball fields, and children's play ground that are developed on the Common Property), it being understood that Declarant reserves the right, but has no present intent, to provide any recreational areas, and that this enumeration is by way of description of the type of facilities that may be developed should recreational areas and facilities be added by or through the Declarant at some later date and this enumeration shall not bind or obligate the Declarant to provide any of the enumerated facilities; and (v) any other property as may be purchased or provided for the common use and benefit of the Declarant and the Owners, including without limitation such Common Property as may be shown on the recorded plat(s) of the Property.

Section 3. "Committee" shall mean the Architectural Control Committee established by the Declarant for the purpose of administering architectural control as provided in Article V of this Declaration.

Section 4. "Declarant" shall mean Patten Corporation and its successors and assigns if such successors and assigns acquire one or more undeveloped lots from the Declarant for the purpose

of development and if the rights and obligations of the Declarant hereunder are expressly assigned to and assumed by such successors and assigns.

Section 5. "Dwelling Unit" shall mean and refer to the completed single family home located upon a lot.

Section 6. "Lot" shall mean and refer to any improved or unimproved building lot shown upon any recorded subdivision plat of the Property including any Lot or Lots that may hereinafter be conveyed to the Association for the use and enjoyment of its members.

Section 7. "Owner" shall mean and refer to any record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of any of the property made subject to this Declaration, but excluding those having such interest merely as security for the performance of an obligation; provided however, the Declarant shall not be deemed an Owner.

Section 8. "Property" shall mean and refer to that certain property entitled Final Plat Carolina Lakes Ph 7 Blk S Harnett County, North Carolina, Patten Corporation, shown on plat(s) recorded in the following Plat Cabinet(s) and Slide(s) in the Office of the Register of Deeds: Plat Cabinet F, Slides 171-A and 171-B, and shall also mean and refer to such revisions thereto and additional property known as Carolina Lakes Ph 7 Block T contiguous thereto and/or such additional property as is currently owned by the Declarant and conveyed to the Declarant by deed dated June 9, 1988 and recorded in the office of the Register of Deeds of Harnett County in Book 858, Page 982, which Declarant subjects to this Declaration from time to time by one or more subsequently recorded Restrictive Covenants adopting this Declaration by reference, which additional phase or phases shall become a part of the subdivision at the time of recording of each such Restrictive Covenant. The terms "Property" and "Subdivision" and "Carolina Lakes" are interchangeable.

ARTICLE II

RIGHTS AND DUTIES OF THE ASSOCIATION AND PROPERTY OWNERS' ASSESSMENTS

Section 1. Owner's Easements of Enjoyment. The Declarant and, to the extent provided by this Declaration, every Owner shall have a right and easement of ingress, egress, and regress over the Common Property and over the roads within all phases of the subdivision, to be used in common with others, for the purpose of providing access to Lot(s) owned or Dwelling Unit(s) owned by the Owner for himself, his family, agents, licensees and invitees and for his and their non-exclusive use and enjoyment of the Common Property, subject however to the limitations on such

use and enjoyment of the Common Property as provided for in this Declaration. Owners of lots in all other phases of Carolina Lakes Subdivision shall have a right and easement of ingress, egress and regress over Common Property and over the roads within Phase VII of Carolina Lakes Subdivision. Every Owner, and the members of such Owner's family who reside with such Owner or are overnight guests of such Owner, shall have the right to use any recreational areas that are hereinafter added to the Common Property, subject however to such Owner paying when due the dues and assessments of the Association and abiding by all rules and regulations of the Association, including without limitation those governing the use of the recreational areas and the Common Property. Non-Owners who are not overnight guests shall only be entitled to use the recreational areas on such terms and conditions as the Board of Directors of the Association may select. Any action taken by the Association which affects an individual Lot Owner's use of the Common Property shall be by an affirmative vote of two-thirds of the members.

Section 2. Annual Assessments.

(a) Except as hereinbelow provided, 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, and (2) special assessments, such assessments to be established and collected as hereinafter provided.

(b) The Association shall have the duty to repair, replace and maintain (and the right, from time to time, to establish a reasonable assessment, which assessment shall be paid by each Owner, in such periodic installments as the Association may determine, to be used to pay the operating and administrative expenses of the Association, including without limitation, the costs of maintenance, upkeep, replacement and repair of) all recreational areas, including the present quality of water in the lakes, and facilities and improvements that are hereinafter added by the Declarant or the Association, and all streets, roads, road rights-of-way, lakes, dams, easements and other Common Property, and the salaries, administrative office and other expenses necessary or useful to maintain and operate the Association and the recreational facilities (including, without limitation, the procuring, maintenance and paying the costs, of insurance related to the Common Property and of surety and other bonds related to the management of the Common Property and the Association), it being understood (by way of example and without limitation) that the assessment funds shall be usable for such matters concerning Common Property as the following: maintenance, repair and replacement of improvements, equipment and facilities within any added recreational areas; the seeding and re-seeding, fertilizing and mowing of grassed areas along and within road rights-of-way and other grassed portions of the Common Property; erosion

control; repairing of road shoulders; surfacing, patching and resurfacing of parking lot and road pavement; placement of gravel; planting and maintenance of shrubs, trees and seasonal flowers; and maintenance and repair of lakes, dams and spillways (including dam replacement, if required) and easements.

(c) Should the Declarant hereinafter exercise its right to add recreational facilities, then the annual assessments may also be used by the Association for the purpose of defraying the costs of the recreational areas and facilities that are added.

(d) Commencing January 1, 1994 the annual assessment shall be \$150.00 per unimproved lot and \$250.00 per improved lot payable by the Owner thereof, and \$37.50 per unimproved lot and \$62.50 per improved lot payable by Declarant, as increased or decreased pursuant to Section (e) below, which annual assessment shall be due and payable in such installments and at such times as shall be determined by the Board of Directors of the Association. As to any lot purchased by a Builder with the intent to build a house for resale to the public at large, the assessment payable shall be 25% of the assessment payable by other Owners; provided, however, that should a Builder rent such lot and/or improvements located thereon, the full assessment shall be paid on a pro-rata basis from the inception of such rental period. This assessment will be payable as to any lot purchased by a builder who purchases for the purpose of building a custom home under contract with the ultimate residents. This assessment will be prorated, on a calendar year basis, from the date title to each lot, for which an assessment is payable, is transferred to the Owner.

(e) The annual assessment may not be increased without the assent of at least two-thirds of the members of the Association at a meeting called for that purpose, with at least 60% of the Lot Owners or their proxies present after 30 days' notice. If 60% are not present, a second meeting may be called with 30 days' notice and the quorum may be reduced to 30% of the Lot Owners or their proxies. The Board of Directors of the Association, without a vote of the members, may increase the annual assessment if the increase does not exceed 5% of the previous year's assessment. The Board of Directors of the Association, without a vote of the members, may decrease the annual assessment. Any lot assessment payable by Declarant shall be 25% of that payable by other Owners.

(f) Annually, the Board of Directors of the Association shall have given written notice to each owner of the annual assessment affixed against each owner for the immediately succeeding calendar year.

Section 3. Special Assessments:

(a) In addition to the annual assessment referred to above, a one-time Architectural Committee assessment of \$150.00 or such fee as may be determined from time to time by the Committee shall be payable to the Architectural Control Committee for every lot purchased from the Declarant, such assessment to be due and payable only upon the submission of the Plans, as hereinafter defined, to the Committee. The special assessment shall be used to defray the costs of architectural review as provided for by Article V hereof. Any portion of the special assessment that is not required for architectural review shall not be refunded but shall be made a part of the general funds of the Association. All builders who purchase Lots shall pay the Special Assessments. The Declarant reserves the right to increase this special assessment at any time and from time to time as may be needed to pay the actual costs of architectural review and administration. This one time special assessment shall be transferable in that: (1) upon the payment of the special assessment by the original purchaser of a Lot from the Declarant, the Association shall deem the special assessment satisfied so that no subsequent Owner of that Lot shall be obligated to pay such special assessment again, and (2) the original Lot purchaser from the Declarant and every seller of that Lot thereafter shall have the right to seek from the purchaser from such seller the reimbursement of this special assessment. Neither the Declarant nor the Association shall have any duty to seek such reimbursement for the benefit of any person or party.

(b) In addition to the assessments specified hereinabove, the Association may levy yearly special assessments in any calendar year for the purpose of supplementing the annual assessment if the same are inadequate to pay the reasonable maintenance expenses and operating costs of the Association as described in Section 2 hereof; provided that any such special assessments shall have the affirmative vote of two-thirds of each class of the voting members of the Association at a duly called meeting with 30 days' notice; a special assessment may differ in amount as between owners of Dwelling Units and owners of unimproved Lots, provided that any difference is reasonable and equitably determined; provided further that any special assessment payable by Declarant shall be 25% of that payable by a Lot Owner.

Section 4. Removal of Obstructions and Unsightly Growth, Debris and Materials.

(a) The Association without notice, may remove any obstructions of any nature located within road rights-of-way or other Common Property (including but not limited to trees, shrubs, and mailboxes) which, in the opinion of the Association, either might produce a hazard or might interfere with the ability

to maintain the roads. The Association shall have the right to use assessments collected for maintenance of roads, road rights-of-way and all other Common Property (as such assessments are provided for elsewhere herein) for taking steps which are reasonably necessary or desirable to accomplish the said removal of obstructions.

(b) The Association shall have the right, in its sole discretion, to charge back the actual cost to it of removing obstructions against the Owner who directly or through his agents, contractors or invitees caused or permitted the obstruction to be placed in the road right-of-way or other Common Property, and such Owner shall indemnify and save the Association harmless from all liability, claims, damages and expense imposed upon the Association, at law or in equity, caused by or resulting from the placement of the obstruction in the road right-of-way or other Common Property. In the event that the Owner responsible for such charge or liability, as aforesaid, fails and refuses, after demand by the Association to pay said charge or liability, then the Association shall have a lien against his Lot thereon and may enforce collection of the charge or liability, together with reasonable attorneys fees, by any and all remedies afforded by law or in equity, including without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such charge or liability shall become a charge against the said lot or dwelling unit.

(c) If the Association, in its sole discretion, determines that any Lot has become unsightly due to grass or weeds that have not been mown, or due to debris of any nature having accumulated on the Lot, then the Association shall have the right from time to time to enter the said lot, for the purpose of mowing the grass or removing the debris. At least ten (10) days prior to entering a Lot for said purpose, the Association shall advise the Owner by letter, sent to his last-known address, of the action to be taken if the Owner does not remedy the problem within the said ten (10) day period. The Association shall take reasonable steps to avoid damage to any trees planted on such Lot, to the extent that the Association has been put on written notice in advance by the Owner of the approximate location on a chart or map of such Lot showing the location of planted trees to be avoided.

(d) The Association shall have the right, in its sole discretion, to pay from the above-described assessments, such costs as are reasonably necessary to allow it to cut the grass, weeds and underbrush and to remove construction materials, construction in progress, building improvements, debris and grade and fill Lots and to charge the Owner of the Lot with the actual cost thereof to the Association. In the event that such Owner fails or refuses, after demand by the Association, to pay such cost, then the Association shall have a lien against said Lot for such cost and may enforce collection of said cost, together with

reasonable attorneys fees by any and all remedies afforded by law or in equity, including, without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such unpaid cost and said associated collection expenses shall be a charge against said lot.

Section 5. Duty to Make Repairs. The obligation for the repairs, maintenance and improvements of the roads as shown on the aforesaid plat(s) or any other common property shall be the responsibility of the Association, with the Owner of each Lot, except as provided herein, being responsible for payment of the assessments levied by the Association, which assessments shall be the personal obligation of the Owner of each Lot.

The decision to expend Association funds to repair and maintain the roads or other Common Property shall be made by an affirmative vote of a majority of the Board of Directors of the Association. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his Lot.

Notwithstanding the foregoing, each owner of a Lot shall be solely responsible for any repairs to a road right-of-way or other common property caused by the negligent or intentional act or acts of said owner, his or her invitees, agents, licensees, or guests.

Section 6. Lien for Unpaid Assessments.

(a) In the event that the Owner of any Lot fails and refuses, after demand by the Association, to pay any annual or special assessment, then the Association shall have a lien against said Lot and may enforce collection of said assessment, together with reasonable attorneys fees, by any and all remedies afforded by law or in equity, including, without limitation, the filing of a notice of lien and perfecting the same as by law provided, to the end that such unpaid assessment together with the costs and expenses of collection, including without limitation, reasonable attorneys fees, shall be a charge and lien against the said Lot.

(b) To secure the payment of the annual and special assessments as are levied by the Association, together with the costs of collection, including attorneys fees, all such charges shall be a continuing lien upon the Lot against which the assessments are made. Such charges shall also be the personal obligation of the person(s) who were the owner or owners of such Lot at the time the assessment came due. The personal obligation shall remain a lien upon the Lot upon transfer of title but shall not become the personal obligation of the purchasers thereof unless expressly assumed by them.

(c). Neither the assessments nor the costs of collection shall be a lien upon any Common Property nor shall the lien upon any Lot for such charges be senior to any first mortgage or first deed of trust regardless of the fact the lien arose prior to the date and time of recording of any such first mortgage or deed of trust. Neither shall any first mortgagee nor the beneficiary of any such first deed of trust nor any federal or state agencies or instrumentalities (including, without limitation, the Veterans Administration and the Federal Housing Administration) that acquire title to any such Lot whether as a result of foreclosure of said Lot or the conveyance to the holder of such indenture in lieu of foreclosure or as the result of any such agency or instrumentality becoming the owner of such Lot as a result of having insured or guaranteed the loan secured by the mortgage or deed of trust that was subject to foreclosure or a deed in lieu thereof be liable for the payment of any assessments incurred subsequent to the recording of the first mortgage or deed of trust.

Section 7. Other Association Programs and Benefits. The Association shall provide such other programs and benefits for the Owners approved by a majority vote of a quorum of the members present in person or by proxy at meeting duly called for such purpose at which a quorum was present and acting throughout.

Section 8. The Declarant's obligation for any assessments with regard to assessments accrued as to any Lots to which Declarant obtains title, either due to deeds in lieu of foreclosure or by foreclosure, shall be 25% of the assessment payable by the Owner.

ARTICLE III

MEMBERSHIP

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. The Declarant shall also be a member so long as it owns property within the Subdivision.

ARTICLE IV

CONVEYANCE OF COMMON PROPERTY

Declarant by deed will convey its right, title and interest in and over the road rights-of-way and any other Common Property within the Subdivision to the Association.

ARTICLE V

ARCHITECTURAL CONTROL; CONSTRUCTION LIMITS

(a) In order to control design and location of the houses and other improvements to be constructed, erected, placed or installed (the "Improvements") upon the Lots in the Carolina Lakes Subdivision, Phase VII, the Declarant hereby creates an Architectural Control Committee for the purpose of reviewing, approving, suggesting changes to, and rejecting plans and specifications for such Improvements.

(b) The Committee shall be controlled by the Declarant until a certificate of occupancy is issued for residences of 75% of all Lots in Blocks S and T which are designated as Phase VII. Once 75% of the lots have dwellings constructed thereon which are occupied the Association's Committee shall have the responsibility of approving structures proposed by Owners; provided Declarant, by written notice to the Association, may elect to relinquish control of the Committee to the Association at an earlier date, and in either case the Declarant's control of the Committee shall then automatically dissolve and pass to the Architectural Control Committee of the Association. During the period of control by Declarant, the Committee shall be comprised of such members, not to exceed three, as Declarant designates. Members of such Architectural Committee shall not be entitled to any compensation for services performed pursuant to this covenant. At any time, the Committee may, but shall not have the duty to, retain one or more architects or other house designers and land planners as it deems advisable to assist the Committee in performing its review responsibilities. Any builder of any home upon any property subject to this Declaration must, before beginning construction of each such home, be approved by the Committee as to financial stability, building experience and ability to build homes and other structures of the class and type of those which are to be built on the property subject to this Declaration. No person shall be approved as a builder by the Committee unless such person obtains his income primarily from construction of residences. No Lot Owner will be permitted to act as his own builder or contractor except where such Owner obtains his income primarily from the construction of residences or otherwise meets the qualifications for approval by the Committee.

(c) Except within the building site, no trees of any kind measuring 6 inches or more in diameter at a point two feet above ground level may be removed without the prior written approval of the Committee. Approval for the removal of trees located within 10' of the main dwelling or accessory building or within 10' of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the property.

(d) No building, fence, wall, mailbox, outside lighting, newspaper box, screen planting, decks, outbuilding or any other accessory feature to the dwelling or any other structure upon any Lot shall be commenced, erected, placed, maintained or altered on any lot or combination of contiguous Lots, until the Complete Construction Plans (the "Plans") are approved, in writing, by the Committee or its designated agents.

(e) The Plans shall include the name of the builder, the complete construction plans, the plot plan (showing proposed location and elevation of such building, fences, walks, drives, screens, parking area, etc.), proposed building plans and specifications, exterior color, finish and materials. The areas over which the approval shall be required shall include but shall not be limited to the size and plan of the principal residential structure, and all accessory buildings, structures and improvements on the lot, the size and plan of the garage, location and manner of construction of each driveway, swimming pool, utility building, patio, tennis court and other improvements for athletic, recreational or gymnastic purposes and all other exterior improvements the composition and color of raw and finished materials used on the exterior of all structures and the location and type of landscaping, shrubbery and other plantings.

(f) The Committee or its designated agents shall have thirty (30) days after physical receipt of the Plans to accept or reject the same in whole or in part. If no response by the Committee has been made in writing within said 30 days, the Plans shall be deemed to be approved as submitted. In any event, if no suit to enjoin the erection of such building or the making of such alterations has been commenced prior to completion thereof, such approval will not be required, and this covenant will be deemed to have been fully complied with. After the Plans are approved and after the Committee gives written permission for construction to begin, the actual construction shall be commenced and completed in accordance with the approved Plans, together with the requirements of the Declaration and, in this regard, each Owner shall provide the Committee with the foundation survey as soon as it is made. The Committee shall have the right to waive minor setback violations, not to exceed a variance of 10% in any single instance, when the remedial costs of correcting such violation, in the Committee's opinion would impose undue hardship upon the violator.

(g) The actual construction shall be the responsibility of the Owner of the Lot and his builder. Any permission granted for construction under this covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, express or implied, by the Declarant or the Committee or its designated agent of the structural stability, design or quality of any building or other

improvement or of the contractor who constructs such buildings or other improvements.

(h) Construction of dwellings must be completed within the following time limits:

1. With the exception of dwellings, the construction of which is interrupted or delayed due to physical damage to the work in progress (such as damage due to fire, lightning, windstorm, hail, riot or civil commotion, explosion, or theft), any dwelling under construction upon a lot must be completed within one (1) year subsequent to commencement of construction, unless a longer time for construction is permitted with the written consent of either the Declarant or, if the Declarant so designates, by the Committee.

2. As to construction that is delayed due to such physical damage, the Owner shall have 180 days from the date of such damage or destruction to recommence construction and upon such recommencement, shall have an additional 180 days to complete construction.

In the event that completion of the dwelling on any lot is not completed within the applicable time limit set out above, and it is determined that construction progress has diminished to such an extent that completion of the dwelling is unlikely within 120 days, the Board of Directors of the Association will be advised of this determination. The Board of Directors shall then have the right to give notice to the Owner that the Owner has the obligation, within 30 days to complete the removal of all the construction work in progress, including, without limitation, the foundation and all building improvements and all stored building materials and fill and grade the Lot so that it is restored to its natural grade level. The Association shall have the right to undertake this work upon Owner's failure to do so and charge the cost to the Owner and place a lien upon the Lot on Owner's failure to pay these charges.

ARTICLE VI

GENERAL USE RESTRICTIONS

Declarant does hereby covenant and agree with all persons, firms or corporations hereafter acquiring title to any portion of the Property, that the Property is hereby subject to restrictive covenants as to the use thereof.

Section 1. Except as otherwise provided in these Restrictions, the Lots shall be used for residential purposes only, and no structure shall be erected, placed, altered or permitted to remain on any lot other than one detached, single-family dwelling, not to exceed two stories in height not

including basement, and one small one story accessory building which may include a detached private garage; provided, the use of such dwelling or accessory building does not overcrowd the site and provided that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. Further, the structure shall be a wood or brick structure. All residential dwellings must have an attached or detached garage accommodating at least two vehicles under roof.

Section 2. The minimum enclosed, heated living area of the respective main structure of the single family dwelling located on the Lots hereinafter scheduled, exclusive of finished and unfinished basement areas and exclusive of open porches, terraces, decks, garages, and other unheated spaces, whether one-story, two-story or split-level shall cover a ground area of:

- (a) As to Lots adjoining the lakes, not less than 1500 sq. ft. for a single story Dwelling Unit and not less than 1800 sq. ft. for a two story or split level Dwelling Unit.
- (b) As to all other lots, not less than 1200 sq. ft. for a single story Dwelling Unit and not less than 1400 sq. ft. for a two story or split level Dwelling Unit.

Section 3. All building setback lines shall be whichever is the more restrictive of (1) the County's zoning regulations, if zoned, or (2) the following setbacks: Distance of structure from front property line or street right-of-way (whichever is greater), thirty-five (35) feet; distance of structure from side property line, ten (10) feet, except on corner lots which shall be fifteen (15) feet; distance of structure from rear property lines, twenty (20) feet except where such line adjoins a lake, canal, or golf course, which in such case a distance of forty (40) feet is required; except a greater building setback line is required if so indicated on the recorded plat; provided that, with the prior written approval by the Committee, variance to these requirements may be granted.

Section 4. No structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling house. The design and color of structures temporarily placed on a lot by a contractor or subcontractor shall be subject to the reasonable aesthetic control of the Committee. No trailer, tent, barn, tree house or other similar outbuilding or structure shall be placed on any lot at any time, either temporarily or permanently.

Section 5. Before any house may be occupied it must be completely finished on the exterior; all of the yard must be planted with grass or have other ground cover approved by the Committee and a certificate of occupancy must be issued by the Committee.

Section 6. In order to implement effective insect and fire control, the Committee has the right to enter upon abutting and neighboring properties adjacent to such forests, wildlife preserves, natural reservations and sanctuaries or other open areas and open spaces, and such entrance shall not be deemed a trespass.

Section 7. In order to retrieve an errant golf ball, a golfer lawfully using the Golf Course in the subdivision has the right to enter a private lot in the subdivision to retrieve the golfer's ball. Such entrance for the purpose of retrieving the golf ball shall not be deemed a trespass, provided such golf ball may be retrieved without damaging any flowers, shrubbery or other property in general of the owner of such lot. The golfer must pick up his ball and return to the designated boundaries of the golf course before playing a shot. The golfer is prohibited from playing a shot off a private lot.

Section 8. For the purpose of avoiding an unsightly or undesirable waterfront, no boathouse, private dock, pier, raft, or landing site or other structure shall be erected or maintained at or upon the shoreline of any building site having water frontage or upon land under water in front of such building site, except where special written permission is granted by the Committee. The Committee will only give permission for such structure if the structure does not in any way detract from the natural beauty of the lake.

Section 9. No stockade fences or chain link fences over three feet in height shall be erected in Carolina Lakes Subdivision, Phase VII; no fence may be constructed such that it extends forward of the rear building line of the Dwelling Unit; no fences shall be erected without the consent of the Architectural Control Committee of Phase VII.

Section 10. All driveways shall be constructed of either concrete or asphalt or other decorative type of material approved by the Committee.

Section 11. More than one (1) Lot (as shown on said plats) or parts thereof, may be combined to form one (1) or more Lots by Declarant, or its successors or assigns, and in such event the building line requirements prescribed herein shall apply to such Lots, as combined. No Lot may be subdivided by sale or otherwise, except Declarant, its successors and assigns, reserves the right to subdivide and recombine all Lots that it owns. Upon

combination or subdivision of Lots, the easements reserved herein shall be applicable to the rear, side and front lot lines of such Lot as combined or subdivided. In the event of the combination of Lots, any Association dues shall be payable per the number of resulting Lots and not the number of original Lots. The right to recombine or subdivide lots shall be reserved to Declarant. The right to recombine or subdivide lots by Owners (other than Declarant) shall only occur with approval of any governmental agency and approval of the Committee. The combination of Lots shall not affect the Owner's obligation to pay appropriate Association dues based on the number of lots prior to the combination.

Section 12. Construction of new residential buildings only shall be permitted, it being the intent of this covenant to prohibit the moving of any existing building or portion thereof on a Lot and remodeling or converting the same into a dwelling unit in this subdivision.

Section 13. No business, trade or home business shall be carried on upon any building site. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No animals or poultry of any kind may be kept or maintained on any of said Lots, except dogs and cats. Dogs and cats must be leashed when off the Owner's Lot. Each Owner must see to it that all of the Owner's dogs and cats are kept on the Owner's property unless leashed. No dogs or cats shall be permitted to roam the Property and the Association may have strays and dogs and cats that are not leashed and are found off their Owner's Lot picked up by governmental authorities. Kennel operations shall not be permitted. A kennel is defined as housing for three or more animals.

Section 14. No portion or part of any lot shall be used or maintained as a dumping ground for rubbish or other refuse. Trash, garbage, or other waste shall not be kept, except in sanitary containers screened from view from all roads, provided that the Developer, prior to the sale of such Lot may use portions of such Lot as a burial pit in accordance with governmental regulation. The screen, which is required for trash receptacles, fuel tanks and other similar storage receptacles shall be delineated on the Complete Construction Plans as set forth hereinabove. Garbage and trash receptacles shall be in complete conformity with sanitary regulations.

Section 15. In addition to the easements that are shown on the recorded plats of the Subdivision, easements ten (10) feet in width along the Lot lines of all Lots are reserved for

installation, repair, replacement, maintenance, and use of drainage facilities and of utilities, including the right to keep said easements free and clear of all obstructions. An easement of fifteen (15) feet is reserved for such purposes along the rear line of all Lots that do not adjoin other Lots or properties within the Subdivision. No private water and sewer systems may be constructed by any lot owner.

Section 16. No outside clotheslines shall be permitted.

Section 17. No satellite dishes shall be permitted unless concealed from view from all lots and open spaces. The design of such enclosures must be approved prior to erection by the Committee. Only one antenna mast will be permitted, not to exceed fifteen (15) feet above the highest ridge of the house to which it is attached. All such antennas must be attached to the house. No towers shall be permitted.

Section 18. Unless located within enclosed garages, no boat, house trailer, travel trailer, motor home, tractor trailer truck or other large truck or any other such vehicle shall be kept or maintained or located upon any Lot; provided however, the Committee, at its sole discretion, may waive this requirement in any instance when an Owner presents to the Committee plans for permanent screening that the Committee finds aesthetically acceptable for the purpose of permanently screening the aforesaid vehicle or vehicles from view from all other lots and from the streets that are within view of the lot in question. The Committee shall have no duty to waive such requirement, but in the event it does, the Committee shall have the right to enforce the construction of the screening to conform to the plans that it approves. No vehicles that are unlicensed, expired-licensed, disabled or under repair shall be kept upon any Lot unless located within enclosed garages. No vehicle or boat may be parked or stored on unimproved lots.

Section 19. No lot shall be used for storage of building materials prior to the issuance of the building permit for the Primary Residence. No trade materials or inventories may be stored upon any premises.

Section 20. No signs of any description shall be displayed upon any Lot. Mailboxes shall be of a design, color and choice of materials as designated by the Declarant or, if the Declarant so designates, by the Committee.

Section 21. Nothing herein contained shall be construed as imposing any covenants and restrictions on any property of the

Declarant other than the Property that is subjected to these Restrictions.

ARTICLE VII

CAPTIONS, ENFORCEMENT AND INVALIDATION

Section 1. Whenever the context and construction so require, all words used in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

Section 2. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

Section 3. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. In the event it is necessary to enforce this Declaration by appropriate legal or equitable proceedings, the party or parties violating or attempting to violate the same shall be liable for the cost of such proceedings including reasonable attorney's fee.

Section 4. Invalidation of any one or more of these covenants by judgment or court shall not adversely affect the balance of this Declaration, which shall remain in full force and effect.

Section 5. Amendments to this Declaration to:

- (a) clarify the meaning of or to correct clerical errors in the Declaration; and
- (b) correct grammar, spelling, capitalization and other matters of syntax
- (c) correct any obvious error or inconsistency in drafting, typing or reproduction

shall be by an affirmative vote of a majority of the votes cast by the members.

The execution of Restrictive Covenants adding additional properties to the Declaration and expanding the Subdivision as

provided herein may be made by the Declarant acting alone. All other amendments to this Declaration shall require an affirmative vote of at least 90% of the votes cast by Owners and Declarant; provided that any amendment(s) to (1) remove Declarant and any Owner from the Association, (2) remove the obligation to pay assessments and/or (3) modify minimum enclosed heated living area of a dwelling shall be prohibited.

ARTICLE VIII

THIS DECLARATION RUNS WITH THE LAND

These covenants are to run with the land and shall benefit and be binding on all parties and persons (and their respective heirs, representatives, successors and assigns) claiming title to any of the Property herein described for a period of thirty (30) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by at least two-thirds of the then owners of the Lots has been recorded agreeing to change said covenants in whole or in part.

NOW, THEREFORE, in accordance with the recitals which by this reference are made a substantive part hereof, Declarant declares that all of the property described on said recorded plats and all of the property hereinafter made subject to this Declaration by recorded supplements hereto referencing subsequently recorded plats, shall be held, sold and conveyed subject to these easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of Carolina Lakes Subdivision, Phase VII, as it now exists and is hereafter expanded and that such easements, restrictions, covenants and conditions shall burden and run with said real property and be binding on all parties now or hereafter owning said real property and their respective heirs, successors and assigns, having any right, title or interest in the properties now or hereafter subjected to this Declaration or any part thereof, and shall inure to the benefit of each owner thereof and burden each owner's real property that is subjected to this Declaration.

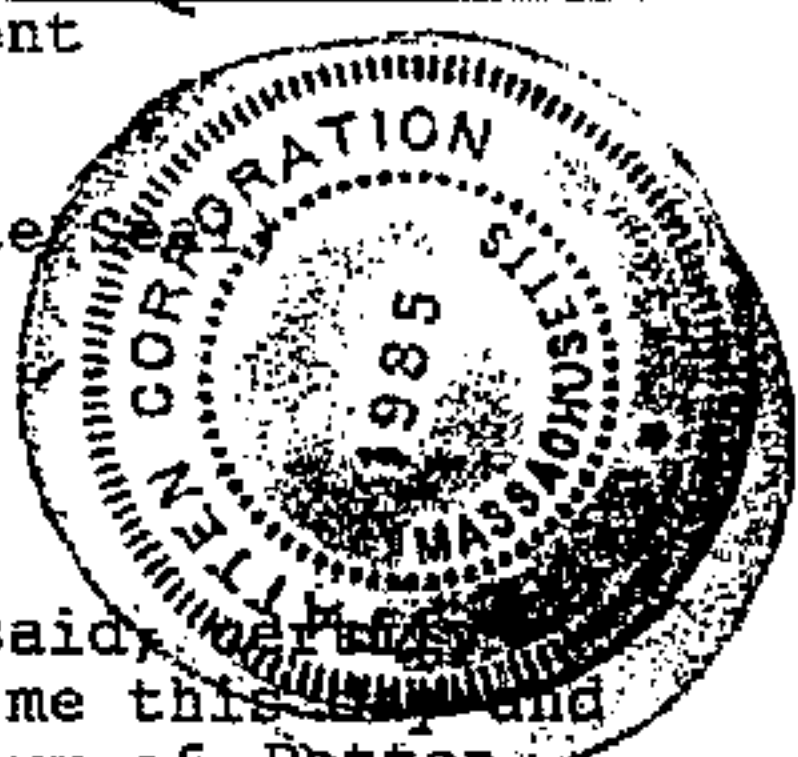
IN WITNESS WHEREOF, the undersigned has executed the within indenture, and impressed thereon its corporate seal, with authority duly given by its Board of Directors, the date first set forth above.

PATRICK E. RONDEAU
PATTEN CORPORATION

By: Patrick E. Rondeau
Vice President

ATTEST: [Signature]
Asst. Secretary / Clerk

(Corporate Seal)



State of Florida
County of Palm Beach

I, a Notary Public of the County and State aforesaid, do hereby certify that Daniel C. Koscher personally came before me this 15th day of July, 1993, and acknowledged that he is Assistant Secretary of Patten Corporation, a Massachusetts corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Daniel C. Koscher as its Assistant Secretary.

Witness my hand and official stamp or seal, this 15th day of July, 1993.

Jennifer Rosenberg
Notary Public Jennifer Rosenberg
My commission expires: 5/27/97

(SEAL)



Notary Public, State of Florida
JENNIFER ROSENBERG
My Comm. Exp. May 27, 1997
Comm. No. CC210293

North Carolina - Harnett County
The foregoing certificate(s) of Jennifer Rosenberg
Rosenberg Notary, Florida State
Notary Public (Notaries Public) is/are certified to be correct. This instrument was presented for registration

and recorded in this office at Book 1013 page K19

This 20 day of July, 1993

at 11:50 o'clock A. M.
Hayes P. Holder, Esq. By: Judith Hamilton
Register of Deeds - Acting Deputy

COPIED