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PREPARED BY: STEPHEN F. HORNE, II, P.A.

NORTH CAROLINA

RESTRICTIVE COVENANTS

PITT COUNTY

THIS DECLARATION, made on the date hereinafter set forth by MCB LIMITED, a North Carolina Limited Partnership with its principal offices in Pitt County, North Carolina hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in or near the Town of Winterville, North Carolina, which is more particularly described as follows:

Lying and being in the Winterville Township, Pitt County, North Carolina and being all of Lots 1 through 49 of South Ridge Subdivision, as shown on that map recorded in Map Book 47, Page 116 of the Pitt County Public Registry together with the four "sign easements" shown adjacent to the lots on said map.

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

ARTICLE I

Section 1: "Association" shall mean and refer to South Ridge Homeowners Association of Winterville, Inc. its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner, whether one or more

persons or entities, of 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 hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4: "Common Area" shall mean all real property (including the improvements thereto) owned by the Association to be reserved to the Association at the time of the conveyance of the first lot described as follows:

The four "sign easements" shown adjacent to the lots on the map set out above.

Section 5: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area. "Lot" shall also mean each of the resulting parcels created by a subdivision of a lot shown on the subdivision plat into two residential parcels.

Section 6: "Declarant" shall mean and refer to MCB Limited, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7: "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II

Section 1: 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

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with the title to every Lot, subject to the following provisions:

(a) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

Section 2: Declaration of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1: Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2: The Association shall have two classes of voting membership.

Class A. Class A membership shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as then determined, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, and notwithstanding any other provisions herein, shall not be

assessed at any rate. Class B membership shall cease and be converted to the Class A membership when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, and in all events no later than October 1, 1999.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time of the assessment. Such assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials management and supervision, the payment of taxes assessed

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against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Basis and Maximum of Annual Assessments. No assessments shall be made on any lot until 15 of the originally platted lots shall have been conveyed by deed. Until January 1 of the year immediately following the conveyance of the fifteenth originally platted lot to an Owner, the maximum annual assessment shall be \$100.00 per originally platted lot, prorated for the remainder of said year. Upon the division of any originally platted lot into two parcels, each resulting lot shall be assessed \$50.00 annually.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership in conformance with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington D.C.) from the preceding month of July.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment for the next succeeding two (2) years may be increased above that established by the Consumer Price Index formula by a vote of the members, and for each succeeding period of two (2) years thereafter, provided that any such change shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting. The limitations hereof shall not

apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

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

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

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 or 4 shall be sent to all members not less than thirty (30) days nor more than (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) per cent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: Uniform Rate of Assessment. Except as provided for Class B members, both

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annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7: Date of Commencement of Annual Assessments and Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessment and Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen per cent per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape or deny liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage

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

Section 10: Exempt Property. All property dedicated to and accepted by, a local authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina, shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

PARTY WALLS

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

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

Section 3: Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a

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larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4: Roofs. For the purposes of this agreement, the shingles on any building shall be considered joint property and shall be governed by the same rules hereunder as if they were a party wall. All applicable law of party wall shall apply to shingles. In the event that shingles are destroyed, lost, blown off or otherwise missing, all shingles must be replaced in a manner such that it will not appear as if there is any patching of the shingles. All shingles shall be of the same shading and appearance such that they appear to be one solid set of shingles. If this cannot be done, the entire set of shingles on the whole building must be replaced, with the cost of replacement to be borne equally by each lot owner.

Section 5: Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protections against such elements.

Section 6: Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7: Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and binding on the parties.

ARTICLE VI
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. For the purpose of this Article, storm windows and a storm door on the rear entrance may be placed and maintained on homes without need for approval of the architectural committee; but a storm door placed and maintained at the entrance, or front door, to a home must be approved by the architectural committee in accordance with the provisions of this Article.

ARTICLE VII

USE RESTRICTIONS

Section 1: Use. No lot shall be used except for residential purposes as described in this paragraph and in paragraph 5 of Article VII of this declaration. After conveyance of a platted lot, all lots must be divided for conveyances as two units with a zero lot line as provided for and in compliance with the zoning and protective ordinances of the City of Winterville.

Section 2: No commercial use. The purpose herein described shall be used for residential purposes only and no business or commercial enterprise may be carried on upon the

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premises.

Section 3: Plan approval. No building may be constructed on any lot or parcel of land in this subdivision without the prior approval of the building plans and exterior materials by the Declarant or its successors or designees. Every building shall contain a minimum of 1,000 heated square feet. It is the intent of the parties that all exteriors of the structures shall be harmonious with all of the other structures in South Ridge Subdivision. Nor shall any structure of any type be started on any of the above-described lots until a plot plan showing the location of such structure have been approved by the Declarant or its successors or designees. Such approval in both events must be in writing. If no approval or rejection has been given for such planned use or for such plans which have been deposited or delivered to the Declarant, its successors or designees within thirty (30) days after written application, the plan shall be deemed to have been approved.

Section 4: Setbacks. No buildings shall be located on any residential building plot nearer to any lot line than as shown on the recorded plat. No building shall be located nearer than 15 feet to any side lot line.

Section 5: Nuisance. No noxious or offensive trade or activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 6: Temporary structures. No trailer, basement, tent, shack, garage, barn or other outbuilding erected in the tract shall at any time be used as a residence temporarily or permanently nor shall any structure of a temporary character be used as a residence.

Section 7: Horses. No barns, stables, and outbuildings for the purpose of

maintaining horses shall be permitted on any lot.

Section 8: Entire agreement. Nothing herein contained shall be construed as imposing any covenants or restrictions on any property of the owners of this tract of land other than those properties to which these Restrictive Covenants specifically apply.

Section 9: Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat as above referred to. The easement area of each tract and all improvements in it shall be maintained continuously by the owner of the tract except for those improvements for which a public authority or utility company is responsible. Furthermore, an easement of five feet in width for the installation and maintenance of underground utilities and drainage is reserved along every front and side lot line and an easement of ten feet in width for the installation and maintenance of underground utilities and drainage is reserved along every rear lot line. There is reserved herein, a five foot easement for the benefit of and to be conveyed to the Association, along all lot lines abutting the outside property lines of South Ridge Subdivision for the purpose of constructing and maintaining a privacy fence owned by the Association.

Section 10: Parking. Adequate off-street parking shall be provided by the owners of each building site for the parking of automobiles owned by the said owners, and owners of building sites agree not to park their automobiles on the streets in the South Ridge development. Any mobile personal property such as motor homes, campers, trailers or boats must be parked behind a residence. No vehicle required by the State of North Carolina to have a current license may be kept on any property for more than 10 days without a current valid license plate.

Section 11: Driveways: All driveways must be a minimum of ten feet wide and made

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of cement.

Section 12: Satellite dishes. No satellite dish or comparable communication device having a size larger than eighteen (18) inches in diameter may be located on any lot; further any such satellite dish or comparable communication device must be located in the back yard of any lot.

Section 13: Fences. No fence may be located on any lot in the front yard and may not be any closer to the front yard than 25 feet from the front wall of the house.

Section 14: Debris. During the construction of any building on a lot in South Ridge the owners will insure that all debris is cleaned daily. Declarant reserves the right to assess a \$100.00 cleaning charge to any lot owner for failure to comply with this provision. Declarant shall have the right to file a lien for all sums assessed hereunder in the office of the Clerk of Court of Pitt County and to enforce said lien pursuant to the provisions of N.C.G.S. ~44A.

Section 15: Mail boxes: No mailbox may be placed on any lot except a joint mailbox for each subdivided lot. The mailbox shall be of design and of materials as approved by the Declarant, its successors and assigns, or the architectural committee of the Association.

Section 16: Animals. No animals, livestock, swine or poultry of any kind shall be raised, bred, or kept on any portion of the property except for domesticated dogs and cats and small non-offensive household pets, provided that they are not kept or used for breeding or maintained for any commercial purpose. Under no circumstances shall more than one dog or one cat be kept on any lot, except two dogs or cats may be kept if the total weight of the two animals does not exceed ninety pounds. Pets kept outside must be kept inside a fence and may not be staked out.

Section 17: Garages. If a garage is constructed on any property, it may not be later converted into heated or unheated living space or otherwise permanently closed in any manner. Garage doors must remain closed except when garage is in use.

Section 18: Lawn maintenance: All lawns must be kept neat and clean and no grass shall be allowed to grow more than six inches high.

ARTICLE VIII

EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

All Lots and Common Areas shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach, including, but not limited to, such items as overhanging eaves, stoops, chimneys, bay windows, gutters and downspouts, misaligned common walls, foundation footings and walls. Declarant shall have a reasonable construction easement across the Common Area for the purpose of constructing improvements on the lots.

ARTICLE IX

GENERAL PROVISIONS

Section 1: Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens

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and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3: Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety (90) per cent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75) percent of the Lot Owners. Any amendment must be recorded.

Section 4: Annexation. Except as provided in Section 5(b) in this Article, additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class members.

Section 5: FHA/VA Approval

(a) As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, MCB Limited, the Declarant, has caused this instrument to be executed in its name by its General Partner, this the 17th day of October, 1997.

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MCB LIMITED

BY: Kenneth Buck
KENNETH M. BUCK, General Partner

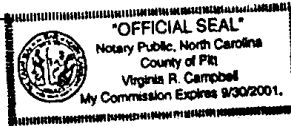
NORTH CAROLINA
COUNTY OF PITT

I, Virginia R. Campbell, a Notary Public of the aforesaid County and State do hereby certify that KENNETH M. BUCK, General Partner personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and Notarial Seal, this the 12 day of October, 1997.

Virginia R. Campbell
NOTARY PUBLIC

My Commission Expires: 9/30/2001
public/wpdocs/relest/restcovs/sthrdg.cov



NORTH CAROLINA: Pitt County
The foregoing certificate(s) of Virginia R. Campbell

Notary(ies) Public is (are) certified to be correct. Filed for registration at 3:13 o'clock P M. this 20 day of October 1997.

By Annie G. Holder
ANNNIE G. HOLDER, Register of Deeds
Assistant/Deputy Register of Deeds