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Prepared by  
and return to:

Starkey Sharp, Attorney at Law  
Kitty Hawk, North Carolina 27949

DORIS A. FRY  
REGISTER OF DEEDS  
DARE COUNTY, N.C.

NORTH CAROLINA  
DARE COUNTY

DECLARATION OF PROTECTIVE COVENANTS

THIS DECLARATION is made and entered the 6th day of January, 1994, by TULLIO BERTOLI and wife, DEBORAH F. NASH, being referred to as the "Declarant" within this document.

WITNESSETH:

WHEREAS, the Declarant is the owner of certain parcels of land identified on plats recorded in Plat Cabinet C at Slides 183 H and I and Plat Cabinet C at Slides 184 A and B of the Dare County Public Registry and known as Southern Woods Cottages - Phase 1 and Southern Woods Cottages - Phase 2, same being located in Atlantic Township of Dare County, North Carolina, and being a subdivision consisting of nine (9) lots as shown on the maps or plats referred to above;

AND WHEREAS, the Declarant intends to sell lots in the subdivision described on the plats referred to above subject to certain protective restrictions, reservations and covenants in order to insure the most beneficial development of the said subdivision as a residential subdivision and to prevent any such use thereof as might tend to diminish the value or pleasurable enjoyment thereof, and it is the purpose of this declaration to declare and make known the covenants, conditions and restrictions which shall apply to the lands shown on said plat.

NOW, THEREFORE, Declarant hereby declares and makes known that the following restrictions, reservations and covenants are hereby imposed upon the said subdivision which shall run with the land in the subdivision and shall be binding upon Declarant, its agents, heirs and assigns, and upon all parties and persons claiming by, through or under them.

1. Residential Use. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than single-family residences and garages. Only one family shall occupy the same main dwelling and its accessory buildings, provided, however, that servants' quarters or a guest suite may be erected, but such facilities may not be rented, leased or sold separately from the main premises. No business or business activity may be carried on upon the property at any time, provided, however, that nothing herein shall preclude the Declarant, its agents, heirs and assigns from

Declarant. Any lot or property dedicated to use for common purposes, such as access or for other use, shall not be subject to assessment or dues, as set forth hereafter in this declaration, so long as such use is dedicated to the use and benefit of the property owners association, its members and guests as defined in this declaration.

2. Subdivision of Lots. No lot shall be subdivided, or its boundary lines changes, except with the prior written consent of the Declarant, however, it shall be permissible to combine two or more adjacent lots, which have a common ownership, into one tract of land for purposes of building a dwelling which would be authorized on such lots individually. In the event of such a combination, the setback requirements relating to the common boundary between the lots will not prohibit building upon that boundary so long as setback requirements relating to the outside border of that tract are met. This provision does not reduce or remove any other restriction which may exist as a result of this declaration. In order that the purpose of this paragraph will not be avoided, condominiums or other multiple family forms of ownership are understood to be prohibited by the prohibition against subdivision contained herein. Further, no property within the subdivision shall be developed or used in a manner that would constitute a "time-share" as defined in North Carolina General Statutes Chapter 93A-41.

3. Plans. No building, fences or other structure shall be erected, placed, moved into, maintained or in any way altered on any lot within the subdivision until the proposed building plans, elevations, specifications, exterior color or finish, plot plan (showing proposed location and elevation of such building structure, drives and parking areas) shall have been submitted in duplicate to Declarant in writing as evidenced by an approved copy of the elevation plans left in the permanent possession of the Declarant. The Declarant or its successor or designee may refuse to approve plans, locations or specifications upon any ground, including purely aesthetic considerations, which in the sole discretion of the Declarant shall seem sufficient. No alterations in the exterior appearance of any building or other structure shall be made without like approval by Declarant. The minimum square footage required shall be 900 square feet of living area, exclusive of porches, patios, garages, unfinished areas and other protrusions from the base dimensions of the residence. For all structures within the subdivision, the roofs shall be constructed so that the pitch shall not be less than six to twelve. The exterior of all houses and other structures, after approval of the building plans, must be completed within six months from the commencement of construction, except where such completion is impossible, or

approved by the Declarant or its successors and assigns which guidelines shall be framed so as to limit the visibility of any such structure by its location on the property and by the erection of fences, screens or other devices to limit its visibility. At such time as sixty percent (60%) of the lots within the subdivision are owned by persons or firms other than the Declarant herein, the process of approval described in this paragraph shall become the authority and responsibility of the owners association described in this declaration (or its designated architectural review committee), if it is at that time existing as an active entity or organization; and, until the owners association is so activated, the authority as described herein shall remain with the Declarant or the designee of the Declarant. In addition to the foregoing, in no event shall trees greater than four inches (4") in diameter be removed within an area ten feet (10') from any side lot line.

4. Maintenance of Buildings. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair; in the event of destruction or casualty, premises are to be cleared and debris removed within sixty days from the date of such casualty. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept condition of buildings and other structures or grounds on his lot which shall tend substantially to decrease the beauty of the neighborhood and of the subdivision as a whole. Upon the failure of an owner to comply with this requirement, the Declarant reserves the right at its option, within three weeks after written notice has been mailed to such lot owner's last known address, to clean such property up or remove same if such property has been destroyed by fire or other disaster and Declarant's expense in so doing shall constitute a lien upon such owner's lot and improvements thereof, enforceable in the same manner as other liens described hereafter in the sections of this declaration dealing with liens and assessments.

5. Maintenance During Construction. During construction of improvements on the lots within the subdivision, the lot owner or builder shall maintain facilities for or arrange for a portable toilet on the premises. During construction, the owner or builder shall maintain a trash or rubbish bin of a type and size sufficient to avoid trash or debris from spreading from the building site and shall cause such area to be maintained and cleaned periodically, both during and at the end of construction.

6. Temporary Buildings. No trailer, double-wide modules, tent, shack or other temporary building shall be erected or placed on the lands within the subdivision except for the storage of materials or the convenience of workmen shall be permitted during the erection of a residence upon said lands, and such temporary structure shall be removed from said premises upon issuance of an

or lands, except that one sign per lot, according to approval granted by the Declarant or the architectural review committee of the property owners association, shall be allowed for identification of the property owner and signs and notices of the property for rent or sale provided such sign shall be no larger than six square feet in size.

8. Animals. Property owners may keep dogs, cats or other household pets, provided they are not kept, bred or maintained for any commercial purposes. Property owners may also keep horses provided not more than two horses are stabled on any one lot.

9. Easements. The Declarant reserves a perpetual, assignable and releasable easement and right-of-way over, on and under the ground to erect, maintain and use electric, cable television and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, cable television, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in, over or under the front ten (10) feet and the rear ten (10) feet.

10. Occupancy. No residence erected upon any lot shall be occupied in any manner prior to completion of construction and the connection of permanent utilities.

11. Driveway Access. Vehicle access for lots within the subdivision shall be limited to the private driveways designated on the plat of the subdivision. With the exception of the private driveways intended for the common access between dwellings constructed on lots and N.C.S.R. 1206 (Woods Road), no other access for vehicle use will be permitted. It is the intention of these covenants to limit driveway entrances on Woods Road in order to minimize disturbance of wetland areas and reduce the total number of driveway entrances within the subdivision.

a. No more than four dwelling sites shall be served by any common driveway. The owners of lots sharing common driveways, as shown on the plat, shall be responsible to share in the maintenance of such driveways. The property owners association shall be empowered to levy assessments and to file claims of lien in the same manner as other common expenses of the association in order to provide for the expense of maintaining the common driveways discussed in this section.

b. This declaration shall serve to establish an easement for the purpose of access, ingress and egress

set forth on the subdivision plat. It shall not be necessary to specifically refer to the easement or to describe the same in any instrument of conveyance in order to establish the access rights described in this paragraph.

c. The terms of this paragraph shall not limit pedestrian access by walkways, sidewalks or paths.

12. Water and Sewage. All wells and toilets and sewage units installed on the property shall be in accordance with the rules and regulations of the North Carolina Department of Health and the Dare County Environmental Health Department or the successor agency to such agencies or departments and shall be located on such lands in positions approved by such departments. No outside toilets will be permitted under any circumstances; except temporary toilets used during construction.

13. Setbacks. No building shall be located or constructed closer than 25 feet from any street or roadway, nor closer than 15 feet from the side lines of any lot, nor closer than 25 feet from the rear property line. Where different provisions for setbacks are shown on the recorded plat of the subdivision or on the plat of any section of the subdivision, those setbacks shown on the plat shall be deemed to control over the setbacks set forth in this paragraph and are adopted herein by reference in lieu of those setbacks set forth herein.

14. Variances and Modifications. As long as it owns three (3%) percent or more of the lots in the subdivision, Declarant reserves the right to include in any declaration, contract or deed thereafter made or entered into, such modifications and additions to these protective covenants, which will, in the sole opinion of Declarant, raise the standards or enhance the desirability of the subdivision as a residential area. Such reservation shall not be construed as authorizing Declarant to relieve any purchaser of any lot in the subdivision, in whole or in part, from any of the protective covenants set forth. Declarant, or the property owners association acting through its appropriate boards or committee, may allow reasonable variances and adjustments of these covenants in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the subdivision.

15. Protection of Wetland Areas. Certain areas are designated on the plat or plats of the subdivision as areas consisting of wetlands as defined by Section 404 of the Clean Water Act.

16. Violations. If the owners or occupants of any lot, or all of them, or their successors and assigns, shall violate any of the covenants and restrictions herein, it shall be the right of the Declarant herein, or its successors and assigns, or any lot owner in the subdivision, to institute proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant or restriction for the purpose of preventing him or them from so doing, or to recover damages for such violation, or both.

17. Severance. The failure of Declarant or any of such party entitled to enforce any protective covenant contained in this Declaration, 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. Any provision of this declaration shall be deemed severable from the other provisions and in the event that any provision or portion of a provision or condition set forth within this declaration shall be deemed unenforceable, void, or unlawful, such a decision shall not affect the remainder of the covenants and conditions set forth within this declaration.

18. Continuation and Terminations. The foregoing conditions, reservations, declarations, covenants and easements shall be run with the lands and be binding upon all purchasers of lands or lots in said properties covered by these restrictions, and upon all persons or entities claiming under them through the 6th day of January, 2014, after which time the same shall be extended for successive periods of ten (10) years each, unless an instrument signed by a majority of the then owners of the lots subject thereto has been recorded, agreeing to change the restrictions and covenants in whole or in part. For the purpose of such vote, the owners will be entitled to one (1) vote per lot regardless of the number of persons or entities owning any one lot.

19. Rules. Declarant reserves the right to promulgate rules as to the use of the common areas and amenities in the subdivision. As such time as the administration and upkeep of such properties shall become the responsibility of the property owners association as described hereinafter, the rule making authorities shall then pass to the property owners association.

20. Property Owners Association. Each lot owner shall automatically become a member of the property owners association. It is acknowledged that the association shall consist of the owners of all lots within the subdivision and that each lot shall be entitled to equal voice or vote in the affairs of the association. The association shall have the right to assess the owners of lots within the subdivision for prorata shares of various costs based

maintain the sign advertising and identifying the subdivision, the common garbage can disposal site, the bulkhead adjacent to the road right of way, the gate for the subdivision, the lighting systems on the bulkhead and sign, and any other common facilities erected on the property. Any delay on the part of the Declarant herein, or by the owners of lots within the subdivision or additional sections of the subdivision, to formally organize the owners association or to exercise rights belonging to such association or to otherwise cause such association to function as a legal entity, shall not invalidate or effect the right to form the association. Until such time as the association shall be formally incorporated under the laws of the State of North Carolina, it shall exist as an unincorporated association. Until such time, the Declarant and its successors and assigns shall act on behalf of the association. The name of the association shall be Southern Woods Cottages Owners Association, Inc. or such other name as may clearly designate the nature and existence of the organization.

21. Dues and Assessments. In order to provide for payment of dues and assessments for the association referred to hereinabove and in order to provide a means of collecting funds for the common expenses within the terms of this declaration, each lot within the subdivision shall be subject to the obligation for the payment of dues and assessments according to the terms of this declaration. The association shall have the right to place a claim of lien against any of the lots within the subdivision to collect unpaid dues or assessments and to maintain a civil action for collection of such sums. The following paragraphs set forth the guidelines, rules and regulations for the purpose of allocating such assessments and dues and the collection thereof.

Section 1. Creation of the lien and personal obligation of assessments. Each subsequent owner other than the Declarant, by acceptance of a conveyance for a lot within the subdivision, whether or not it shall be expressed in any such deed or conveyance, regardless of the method of conveyance and regardless of whether such subsequent owner is a direct purchaser from the Declarant or a successive purchaser, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereafter provided. The annual and special assessments, together with such 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 such interest thereon and cost of collection thereof as hereinafter provided, in Section 9 of these provisions, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due.

the property owners, and in particular for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the common properties and of the homes situated upon the lots within the subdivision, including but not limited to, the payment of taxes and insurance on common properties, and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof. Specifically included within these purposes shall be the extension of such maintenance, services and similar matters to additional properties and subdivisions which are included within the Declarant's plan of development and subjected to these covenants at a later date.

Section 3. The annual assessment shall be \$200.00 per lot. The board of directors of the association may, after consideration of current maintenance costs and future needs of the association, fix the actual assessment for any year at a lesser amount or greater amount, from time to time.

Section 4. In addition to the annual assessments authorized by Section 3 hereof, the association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital item or improvement upon the common properties, including the necessary fixtures and personal property related thereto, provided any such assessment shall have the assent of three-fifths (3/5) of the votes of all voting 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 at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Subject to the limitation of Section 3 hereof, and for the periods therein specified, the association may change the maximum and basis of the assessments fixed by Section 3 hereof, prospectively for any such period provided that any such changes shall have the assent of three-fifths (3/5) of the voting 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 at least thirty (30) days in advance and shall set forth the purpose of the meeting, provided further that the limitations of Section 3 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.

Section 6. The quorum required for any action authorized by Section 4 and 5 hereof shall be as follows: At the first meeting



in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. The annual assessments provided for herein shall commence on the 1st day of January, 1994. The assessment for each succeeding year shall become due and payable on the 1st day of January of each year. No adjustment or prorations of assessments shall be made by the association. For purposes of levying the assessment, assessments shall be considered to be paid in advance and shall be levied against any property which is subject to the declaration or any supplemental declaration. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. The board of directors of the association shall prepare a roster of the properties and assessments applicable thereto at least thirty (30) days in advance of such assessment due date. Such assessment roster shall be open to inspection by any owner. Written notice of the assessment shall thereupon be sent to every owner subject thereto. The association shall, upon demand at any time, furnish to any owner liable for said assessment a certificate in writing signed by an officer of the association, setting forth whether the assessment has been paid. Such statement shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. If an assessment is not paid on the date when due (being the date specified in Section 7), then such assessment shall become delinquent and shall, together with interest thereon and costs of collection thereof, including attorney's fees, as hereafter provided, thereupon become a continuing lien of the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representative and assigns. The personal obligation of the then owner to pay such assessment, however, shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, a penalty fee not to exceed \$5.00 shall be added thereto and from that date interest at the then legal rate as established by law may be added to the delinquent balance and penalty and the association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property. There shall be added to such assessment, delinquent fee and interest, the cost of preparing and filing a complaint in such action and in the event that judgment is obtained, such judgment shall include interest on the total amount as above provided and reasonable attorney's fees to be fixed by the court together with the costs of the action.

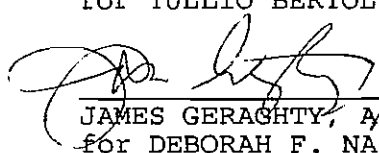
this instrument shall terminate the obligation, if any, of the purchaser for value of a lot in said subdivision from being encumbered by such delinquent fee.

Section 10. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve any property owner from liability for any assessment thereafter becoming due, not from the lien of any such subsequent assessment.

Section 11. The following property subject to this declaration shall be exempted from the assessments, charges and liens created herein: (a) all property to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all common properties referred to in the declaration or set forth on the plat of the subdivision referred to above; (c) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. No property or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed in its name and in the capacity as set forth below, the day and year first above written.

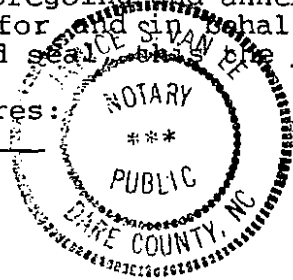
 / Tullio Bertoli  
(SEAL)  
JAMES GERAGHTY, Attorney-in-Fact  
for TULLIO BERTOLI

 / Debra Nash  
(SEAL)  
JAMES GERAGHTY, Attorney-in-Fact  
for DEBORAH F. NASH

NORTH CAROLINA  
DARE COUNTY

I, a Notary Public for said State and County do hereby certify that JAMES GERAGHTY, Attorney-in-Fact for TULLIO BERTOLI, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and in behalf of TULLIO BERTOLI, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the office of the Register of Deeds of Dare County, North Carolina, on the 14th day of January, 1994, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney; that the said JAMES GERAGHTY acknowledged the due execution of the foregoing and annexed instrument for the purpose therein expressed for and in behalf of the same TULLIO BERTOLI. Witness my hand and seal this 14th day of January, 1994.

My commission expires: 8/24/97

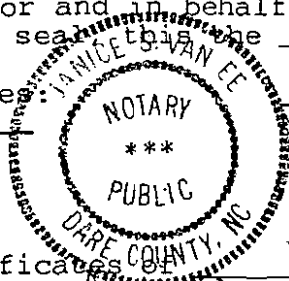


Janice S. Van Ee  
Notary Public

NORTH CAROLINA  
DARE COUNTY

I, a Notary Public for said State and County do hereby certify that JAMES GERAGHTY, Attorney-in-Fact for DEBORAH F. NASH, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and in behalf of DEBORAH F. NASH, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the office of the Register of Deeds of Dare County, North Carolina, on the 14th day of January, 1994, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney; that the said JAMES GERAGHTY acknowledged the due execution of the foregoing and annexed instrument for the purpose therein expressed for and in behalf of the same DEBORAH F. NASH. Witness my hand and seal this 14th day of January, 1994.

My commission expires: 8/24/97



Janice S. Van Ee  
Notary Public

NORTH CAROLINA  
DARE COUNTY

The foregoing Certificates Janice S. Van Ee a  
Notary Public of Dare Co., NC  
is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page.