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RECORDED AND VERIFIED  
MARY SUE OCTS  
REGISTER OF DEEDS  
STATE OF NORTH CAROLINA

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COUNTY OF NEW HANOVER

DECLARATION OF PROTECTIVE COVENANTS,  
OF MURRAYVILLE STATION BUSINESS PARK

THESE PROTECTIVE COVENANTS, made and entered into this the 25th day of April, 1996, by and between HSP-1, LLC, a North Carolina limited liability company, party of the first part (hereinafter referred to as "DEVELOPER"); and Purchasers of lots in Murrayville Station Business Park, parties of the second part (hereinafter referred to as "Owners");

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WITNESSETH:

WHEREAS, DEVELOPER is the owner of certain tracts of real property located in New Hanover County, North Carolina, and being more particularly shown and described on those certain maps recorded in Map Book 35, Page 364; Map Book 35, Page 365; and Map Book 35, Page 388, all in the Office of the Register of Deeds of New Hanover County, reference to said plat being hereby specifically made; and

WHEREAS, DEVELOPER proposes to sell and convey certain lots or sections within the tracts above-described to be used for commercial purposes and to develop said lots, and additional property which may be acquired by DEVELOPER, into a planned community; and

WHEREAS, DEVELOPER, prior to selling and conveying the aforesaid lots or sections, desires to impose upon such lots certain mutual and beneficial restrictions, covenants and conditions and charges (hereinafter collectively referred to as "Restrictions") for the benefit and complement of all of the lots in the subdivision in order to promote the best interests and protect the investments of DEVELOPER and Owners;

NOW, THEREFORE, DEVELOPER hereby declares that all real property described in those maps recorded in Map Book 35, Page 364; Map Book 35, Page 365; and Map Book 35, Page 388, all in the office of the Register of Deeds of New Hanover County, North Carolina, and any additional property as may by subsequent amendment be added to and subjected to these Protective Covenants, are held and shall be held, conveyed, encumbered, leased, rented, used, occupied and improved subject to these Protective Covenants and to the following Restrictions. These Protective Covenants and the Restrictions shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to these Protective Covenants.

ARTICLE 1

DEFINITIONS

As used herein,

A. "Articles" means the Articles of Incorporation of Murrayville Station Property Owners Association, Inc.

B. "Business Property" means those Lot(s) in the Development which are classified B-1, B-1 conditional, and B-2 and B-2 conditional by the New Hanover County Zoning Ordinance.

C. "By-laws" means the By-laws of the Murrayville Station Property Owners Association, Inc.

D. "Common Areas" means all real and personal property, owned by the Corporation for the common enjoyment of the members of the Corporation.

E. "Common Expenses" means and includes actual and estimated expenses of maintaining and operating the Common Area and operating the Corporation for general purposes, including any reasonable reserve and specifically including expenses associated with maintenance of the private roadway(s) and stormwater and sewer systems in the Development, all as may be found to be necessary and appropriate by the Board of Directors pursuant to these Protective Covenants, the By-laws and the Articles of Incorporation of the Corporation and as more specifically defined in Article 5 herein.

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F. "Corporation" means Murrayville Station Property Owners Association, Inc. a North Carolina non-profit corporation. The "Board of Directors" or "Board" shall be the body governing the Corporation and managing the affairs of the Corporation.

G. "DEVELOPER" means HSP-1, LLC, a North Carolina limited liability company, its successors or assigns.

H. "Development" means those tracts of land described in those certain maps recorded in Map Book 35, Page 364; Map Book 35, Page 365; and Map Book 35, Page 388 all of the New Hanover County Registry and also being referred to as Murrayville Station Business Park.

I. "Industrial Property" means those Lot(s) in the Development which are classified I-1 and I-1 conditional by the New Hanover County Zoning Ordinance.

J. "Lot" means a separately numbered tract or section of land lying within the Development which may be conveyed by the DEVELOPER and owned in fee simple by the Grantee thereof, and held for such uses as are consistent with these Protective Covenants and the Restrictions covering the area wherein the tract is located. The Owner of all of a numbered Lot may combine such numbered Lot, part or parts of another such numbered Lot and the aggregate shall be considered as one Lot for the purpose of these Protective Covenants.

K. "Owner" shall mean or refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or other real property within the Development.

L. "Unit" means 1,000 square feet of land area for each Lot.

## ARTICLE 2

### APPLICABILITY

These Restrictions shall apply to all those tracts of real property in those maps recorded in Map Book 35, Page 364; Map Book 35, Page 365; and Map Book 35, Page 388 all of the New Hanover County Registry and to all those Lots or sections which are or shall be created from those tracts.

## ARTICLE 3

### CORPORATION

A. A Corporation named Murrayville Station Property Owners Association, Inc., has been or will be formed pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Common Areas and facilities located upon the Common Areas; to enforce the restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots; and to maintain the private roadway(s) and stormwater systems located within the Development.

B. Each Owner of each Lot, section or other real property within the Development shall be a member of the Corporation. The DEVELOPER, by these Protective Covenants, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree as follows:

1. That for so long as each is an Owner of a Lot or real property within the Development, each will perform all acts necessary to remain in good and current standing as a member of the Corporation;

2. That each shall be subject to the rules and regulations of the Corporation with regard to ownership of a Lot or other real property within the Development; and

3. That any unpaid assessment, whether general, special or individual levied by the Corporation in accordance with these Protective Covenants, the Articles or the By-laws shall be a lien upon the Lot or land upon which such assessment was levied, and shall be the personal obligation of the Owner of the Lot or other real property at the time the assessment fell due.

C. Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot or other real property owned within the Development which may not be separated from ownership of said Lot or other real property owned within the Development.

D. The Corporation shall have two classes of members who shall be Owners of Lots or other real property within the Development:

1. Class A members shall be all Owners with the exception of the DEVELOPER. Each Owner shall be entitled to the following weighted votes:

- a. Industrial Property 1.00 votes per Unit.
- b. Business Property 1.73 votes per Unit.

2. Class B member(s) shall be the DEVELOPER and shall be entitled to five (5) times the votes of Class A members, based upon the same weighted vote system.

Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earlier:

- a. When the DEVELOPER sells all of the Lots in the Development, including all present and prior sections and phases, or
- b. On December 31, 2015, or
- c. When the DEVELOPER voluntarily terminates its Class B membership.

E. The affairs of the Association shall be managed by a Board of Directors, the number, qualifications, term and method of election of which shall be as provided from time to time by the By-laws of the Corporation; and provided, further that the number of members of the first Board of Directors shall be three (3), and thereafter be five (5); and, provided, finally, that, notwithstanding any of the foregoing, so long as the DEVELOPER, owns any of the Lots in the Development, but in any event, not longer than December 31, 2015, the DEVELOPER shall have the right to designate and select the persons who shall serve as members of each Board of Directors of the Corporation who need not meet the qualifications for directors as provided by said By-laws or herein.

#### ARTICLE 4

#### MANAGEMENT AND ADMINISTRATION

The management and administration of the affairs of the Corporation shall be the sole right and responsibility of the Corporation. The management shall be carried out in accordance with the terms and conditions of these Protective Covenants, the Articles and the By-laws of the Corporation, but may be delegated or contracted to managers or management services.

#### ARTICLE 5

#### COMMON EXPENSES

The Common Expenses of the Development include:

A. All amounts expended by the Corporation in operating, administering, maintaining, managing, repairing, replacing and improving the Common Areas of the Development; all amounts expended by the Corporation in insuring the Common Areas in the Development; all amounts expended by the Corporation in legal, engineering, or architectural fees; all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the Corporation by these Protective Covenants; all amounts for a reasonable reserve; and all amounts expended in any form by the Corporation in enforcing these Protective Covenants, the Articles or the By-laws. Common expenses shall specifically include all expenses associated with the maintenance of any private roadway(s) and stormwater and sewer systems within the Development, and the brick wall and signage located within the neighboring right-of-way of North Carolina Highway 132. Development.

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B. All amounts expended by the Corporation in carrying out any duty or discretion as may be required or allowed by these Protective Covenants, the Articles or the By-laws.

C. All amounts declared to be Common Expenses in the By-laws or in these Protective Covenants.

D. All taxes and special assessments which may be levied from time to time by any governmental authority upon the Common Areas in the Development.

#### ARTICLE 6

#### GENERAL ASSESSMENT

A. The DEVELOPER for each Lot or other real property owned and platted as part of the Development, hereby covenants and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so-expressed in such deed) is deemed to covenant and agree to pay to the Corporation general assessments or charges as hereinafter provided. General assessments are assessments for the Common Expenses of the Corporation. The general assessments, together with interest, costs, late fees and reasonable attorneys' fees, shall be a charge and lien on the land and shall be a continuing lien upon the real property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot or other real property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot or other real property unless expressly assumed by them but, subject to the provisions of these Protective Covenants, delinquent assessments shall continue to be a lien upon such Lot or other real property.

B. The general assessment may be increased no more than ten percent (10%) per year until December 31, 1998, unless additional properties are annexed to and made a part of this Development, in which instance, the general assessment may be increased to meet the common expenses for the additional properties and shall thereafter be increased by no more than ten percent (10%) per year until December 31, 1998. Thereafter, the general assessment shall be fixed by the Board of Directors in an amount sufficient to cover the anticipated Common Expenses.

1. Within thirty (30) days of the establishment of the general assessment, notice of the general assessment shall be given to all members. After the initial notice of assessment, the assessment shall become due and payable within 30 days or as otherwise provided by the Board of Directors.

C. The general assessments levied by the Corporation shall be used exclusively to improve, maintain, insure and repair the Common Areas, to pay the expenses of the Corporation, to pay the cost of any insurance the Corporation determines to purchase and to promote the recreation, health, safety and welfare of the members, to pay taxes levied upon the Common Areas and for the purposes set forth in Article 5 herein.

D. The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of assessments on a Lot is binding upon the Corporation as of the date of its issuance.

E. 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 foreclosure of a first mortgage, 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.

F. DEVELOPER shall be exempt from the payment of the general assessment fee for any unsold Lot(s) which are platted of record in the Office of the Register of Deeds of New Hanover County, during the period ending December 31, 2015.

G. At the time title is conveyed to an Owner by DEVELOPER, each Owner shall contribute to the Corporation as working capital an amount equal to twelve (12) months assessments. Such funds shall be used for initial operating and capital expenses of the Corporation, such as prepaid insurance, supplies, and the Common Areas and facilities, furnishings, and equipment, etc. Amounts paid into the working capital fund are not to be considered as advance payment of regular assessments. All working capital funds shall become part of the general operating and reserve funds of the Corporation.

H. The general assessments provided for herein shall commence on the date of conveyance of each Lot to an Owner other than DEVELOPER. The first general 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 general assessment against each Lot at least thirty (30) days in advance of each general assessment period. Written notice of each general assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Board of Directors shall require the general assessments to be paid at least annually, but may require the general assessments to be paid more often. 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.

#### ARTICLE 7

##### SPECIAL ASSESSMENTS

Special assessments may be levied against Lots or other real property for such reasons as are provided in these Protective Covenants, the Articles or the By-laws and on such terms as provided by the Board of Directors or the members. The DEVELOPER for each Lot or other real property owned and platted as part of the Development, hereby covenants and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to covenant and agrees to pay to the Corporation special assessments or charges as hereafter prorated. The special assessments, together with interest, costs, late fees and reasonable attorneys fees, shall be a charge and lien by the land and shall be a continuing lien upon the Lot(s) against which each assessment is made. Furthermore, each such assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot or other real property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot or other real property unless expressly assumed by them but, subject to the provisions of these Protective Covenants, delinquent assessments shall continue to be a lien upon such Lot or other real property.

#### ARTICLE 8

##### INDIVIDUAL ASSESSMENTS

Individual assessments may be assessed against specific Lot(s) or property. In the event an Owner fails to comply with the provisions of these Protective Covenants, the Articles, By-laws or Rules and Regulations of the Corporation, the Corporation, through its Board of Directors, may perform such required task or remedy such matter, or assess a fine for such failure to comply and may levy the cost of such fine, performance, or remedy against the Owner(s) and the Owner's property as an individual assessment. The individual assessments, together with the special assessments, together with interest, costs, late fees and reasonable attorneys fees, shall be a charge and lien by the land and shall be a continuing lien upon the Lot(s) against which each assessment is made. Furthermore, each such assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot or other real property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot or other real property unless expressly assumed by them but, subject to the provisions of these Protective Covenants, delinquent assessments shall continue to be a lien upon such Lot or other real property.

ARTICLE 9

LIEN FOR ASSESSMENTS

Any general, special or individual assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the maximum rate allowed by law, costs of collection, court costs, late fees and reasonable attorneys fees shall constitute a lien against the Lot upon which such assessment is levied. The Corporation may record notice of the same in the Office of the Clerk of Superior Court of New Hanover County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein.

ARTICLE 10

COMPLIANCE WITH THESE PROTECTIVE COVENANTS, THE ARTICLES  
AND THE BY-LAWS OF THE CORPORATION

In the case of failure of a Owner or his agents, lessees, employees, licensees, invitees, to comply with the terms and provisions contained in these Protective Covenants, the Articles, By-laws or the Rules and Regulations of the Corporation, the following relief shall be available:

A. The DEVELOPER, its successors and assigns, the Corporation, an aggrieved Owner or Owners within the Development on behalf of the Corporation, or any Owner on behalf of all the Owners within the Development shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Protective Covenants and the Articles, By-laws and Rules and Regulations of the Corporation and bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate. The Corporation shall be entitled to recover all costs, including attorneys' fees if it is the prevailing party.

B. The Corporation shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner as an individual assessment.

C. If the violation is the nonpayment of any general, or special or individual assessment, or failure to comply with these Protective Covenants, the Articles, or By-laws, the Corporation shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his agents, lessees, employees, licensees and invitees of the Common Areas in the Development for any period during which an assessment against the Lot remains unpaid. If the violation is the infraction of the Corporation's published Rules and Regulations, the Corporation shall have the right to suspend the offending Owner's voting rights or the use by such Owner, his agents, lessees, employees, licensees and invitees of the Common Areas of the Development for a period not to exceed sixty (60) days.

D. The Corporation may establish a schedule of penalties and fines for the violation of these Protective Covenants, the Articles, By-laws and Regulations. If the Owner does not pay the fine within fifteen (15) days the fine shall be an individual assessment against Owner's Lot(s) and may be enforced by the Corporation in accordance with Article 8 herein.

E. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

F. The failure of the Corporation or any person to enforce any restriction contained in these Protective Covenants, the Articles or the By-laws shall not be deemed to waive the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

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ARTICLE 11

PROPERTY RIGHTS OF LOT OWNER, CROSS-EASEMENTS,  
AND EXCEPTIONS AND RESERVATIONS BY DEVELOPER

A. Every Owner of a Lot or other real property within the Development, as an appurtenance to such Lot, shall have a perpetual easement over and upon the Common Areas within the Development for each and every purpose or use to which such Common Areas were intended as determined by their type, or for which such Common Areas generally are used. Such easements shall be appurtenant to and shall pass with the title to every Lot located within the Development, whether or not specifically included in a deed thereto, subject to the following provisions:

1. The Corporation shall have the right to suspend the voting rights of an Owner and the use by such Owner, his agents, lessees, employees, licensees and invitees of the Common Areas within the Development for any period during which any due assessment against such Owner's property remains unpaid or such Owner, his agents, lessees, employees, licensees, and invitees fail to comply with these Protective Covenants, the Articles, or By-laws of the Corporation. The Corporation shall also have the right to suspend the voting rights of an Owner and the use by such Owner, his agents, lessees, employees, licensees, and invitees of the Common Areas for a period not to exceed sixty (60) days for any infraction of the Corporation's Rules and Regulations by such Owner, his agents, lessees, employees, licensees and invitees.

2. The right of the Corporation to dedicate or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Corporation;

3. The right of the Corporation to formulate, publish and enforce rules and regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area and the right of the Corporation to establish penalties and fines for any infractions thereof.

4. The right of the Corporation, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the common area and facilities and carrying out its maintenance responsibilities and in aid thereof to mortgage said property, and the rights of such mortgages in said properties shall be subordinate to the rights of the Owners hereunder.

B. The Corporation hereinafter may grant easements for utility and other proper purposes for the benefit of the Development and the property now or hereafter located thereon, over, under, along and through the Common Areas. Provided, however, that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Lot.

C. DEVELOPER shall have the right, at its election, without the consent of any Owner or Owners, to bring within the coverage and operation of these Protective Covenants additional properties as may be developed in the future, which real property is located within a one mile radius of and adjacent to and contiguous with the Development. The addition of property authorized hereby shall be made by filing of record in the Office of the Register of Deeds of New Hanover County, North Carolina, a Supplemental Declaration of Protective Covenants with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of these Protective Covenants to such additional property. The Supplemental Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in these Protective Covenants as may be necessary or appropriate in the sole judgment of the DEVELOPER to reflect the different character, if any, of the added properties and as are not inconsistent with the plan, intent and spirit of these Protective Covenants.

D. The rights reserved by DEVELOPER herein and all annexed Sections include the right to change, alter or designate roads, utility and drainage facilities and easements, and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment of the DEVELOPER, be necessary or desirable, except that the DEVELOPER shall have no right to change, alter or redesignate the character of the use of the Lots within the Development.

E. Easements and rights of way over and upon the rear, front and side ten (10') feet of each Lot for drainage or the installation and maintenance of utility services or other proper purposes shall be reserved exclusively to DEVELOPER for such purposes as DEVELOPER may deem incident and appropriate to its overall development plan, such easements and rights of way are reserved in the deed for each particular Lot or section affected by such easements or described in the plat of the particular Lot or section. The easements and right of way areas reserved by DEVELOPER pursuant hereto shall be maintained continuously by the owner but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems without the approval of the Developer. Improvements within these areas also shall be maintained by the respective Owner except those for which a public authority or utility company is responsible. The DEVELOPER shall have no maintenance responsibilities for such easement areas.

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

G. The real property in this Development is subject to a contract with Carolina Power and Light Company for the installation of underground electrical utilities which may require an initial contribution and/or the installation of street lighting. The Corporation shall be responsible for the continuing monthly payment to Carolina Power and Light Company.

H. An easement is hereby established over all Lots and Common Area for the benefit of applicable governmental agencies for the setting, removing and reading of water meters, maintaining and replacing water, drainage and drainage facilities, fire fighting, law enforcement, garbage collection and the delivering of mail.

I. An exclusive easement is hereby established in favor of DEVELOPER over all Common Areas for access to adjacent properties for the purposes of future development and the installation of streets and public utilities.

J. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on all undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the benefit of and be binding on the undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in these Protective Covenants.

#### ARTICLE 12

##### ARCHITECTURAL STANDARDS

The architectural control of construction within the Development is vested in the DEVELOPER, until such time as the DEVELOPER no longer owns any portion of the property within the Development, or when assigned to Corporation by DEVELOPER, at which time, architectural control will be placed in the hands of the Board of Directors of the Corporation and at which time, the Board of Directors shall assume the role of the DEVELOPER as set forth in this Article.

A. No construction, which term shall include within its definition clearing, excavation, grading and other site work, shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the DEVELOPER has been obtained.

B. The DEVELOPER shall have exclusive jurisdiction over all original construction on any Lot and later changes or additions after initial approval thereof together with any modifications, additions or alterations subsequently to be constructed on any Lot or made to any improvements initially approved.



C. No structures, buildings, or improvements shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including change of color, until the plans and specifications showing the nature, kind, shape, heights, 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 DEVELOPER, or by an architectural committee composed of three (3) or more representatives appointed by the DEVELOPER. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

D. The DEVELOPER shall have the absolute and exclusive right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of these Protective Covenants and the architectural guidelines; if the design, color scheme or location upon the Lot or Lots of the proposed improvements are not in harmony with the general surroundings or adjacent structures; if the plans or specifications submitted are incomplete; or in the event the DEVELOPER deems the plans, specifications or detail, or any part thereof, to be contrary to the best interests, welfare or rights of all or any part of the real property subject to these Protective Covenants or the Owners thereof.

E. The DEVELOPER shall approve or disapprove plans, specifications and details submitted in accordance with its procedures and architectural guidelines and the decisions of the DEVELOPER shall be final and not subject to appeal or review. Provided, however, that plans, specifications and details revised in accordance with the DEVELOPER's recommendations may be resubmitted for determination by the DEVELOPER.

F. The DEVELOPER, or its agent, shall have the right to inspect all construction to ensure that it is performed in strict accordance with the approved plans, specifications and details.

G. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his building or permitted pertinent structures, or to paint the interior of the same any color desired.

H. Neither the DEVELOPER nor the Board of Directors or any agent thereof shall be responsible in any way for any defects in plans, specifications or details submitted, revised or approved in accordance with the provisions contained herein or in the guidelines, nor for any structural or other defect in any construction.

I. Owner shall be responsible to ensure that all constructions and structures are built in accordance with all applicable federal, state and local statutes, ordinances, regulations and rules.

### ARTICLE 13

#### LAND USE

Use of the Development property and all improvements thereon shall be restricted exclusively to the uses set forth below and shall be subject to all applicable ordinances, including zoning and land use ordinances and regulations and, where applicable, the requirements for the issuance of a Special Use Permit and the requirements for the State Highway Overlay District. Without limiting the generality of the foregoing, the following use restrictions shall be maintained and enforced with respect to the Development and all parcels or Lots therein:

A. Permitted Uses.

1. The lots located in New Hanover County zoning classification B-1 and B-1 conditional may be used for all Permitted Uses allowed by the New Hanover County Ordinance in effect on the date of the execution of these protective covenants except as follows: agricultural uses, kennels, commercial marinas, sanitary services, mini warehouses, adult entertainment establishments, bars, cabarets, discos whether located in a shopping center or not, fruit and vegetable stands, drive in theaters, funeral homes, stables, churches, fraternities and sororities, circuses and carnivals, fairs and sideshows, demolition-landscape landfill, dwelling units contained within the principal use of the structure excluding security personnel, all recycling facilities, outdoor bazaars, christmas tree sales, pumpkin sales, evangelistic and religious assemblies not conducted at a church.

2. The lots located in New Hanover County zoning classification B-2 and B-2 conditional may be used for all Permitted Uses allowed by the New Hanover County Zoning Ordinance in effect on the date of the execution of these protective covenants except as follows: agricultural uses, kennels, commercial marinas, sanitary services, mini warehouses, adult entertainment establishments, bars, cabarets, discos whether or not located in a shopping center or not, fruit and vegetable stands, mobile home dealer and prefabricated buildings, automobile/boat repair sales, camping travel trailer parks, drive in theaters, funeral homes, stables, septic tank vacuum services, churches, fraternities and sororities, circuses and carnivals, fairs and sideshows, demolition-landscape landfill, dwelling units contained within the principal use of the structure excluding security personnel, all recycling facilities, outdoor bazaars, christmas tree sales, pumpkin sales, evangelistic and religious assemblies not conducted at a church.

3. The lots located in New Hanover County zoning classification I-1 and I-1 conditional may be used for all permitted uses allowed by the New Hanover County zoning ordinance in effect on the date of the execution of these protective covenants except as follows: sanitary services, stables, septic tank services, adult entertainment establishments, churches, circuses, carnivals, fairs and sideshows, demolition-landscape landfill, dwelling units contained within the principal use of the structure excluding security personnel, mobile home, mobile home double wide, all recycling facilities, outdoor bazaars, christmas tree sales, pumpkin sales, evangelistic and religious assemblies not conducted at a church, dry cleaning and laundry plants, more sensitive uses, and buildings used permanently as places of assembly, including but not limited to, schools, day care centers and related uses.

B. Building Requirements:

1. All buildings and structures must meet the requirements of the respective governmental building codes applicable thereto.

2. Since the establishment of standard inflexible building setback lines in location of buildings on Lots tends to force construction of overlays directly to the side of other buildings with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related concerns, no specific setback lines are established by these Protective Covenants. In order to assure, however, that the foregoing considerations are given maximum effect, the DEVELOPER reserves the right to select the precise site location of each building or other structure on each Lot in its sole discretion and to arrange the same in such manner and for such reasons as the DEVELOPER deems sufficient, provided, however, the DEVELOPER shall make such determination so as to insure that the development of the Lots subject to these PROTECTIVE COVENANTS is consistent with the provisions set forth herein.

3. All buildings shall be constructed to have a minimum set-back of (15) feet from any property line (other than a street right of way) to the face of the building.

4. Once construction of a dwelling or other improvements are started on any Lot, the improvements must be substantially completed in accordance with the approved plans and specifications within twelve (12) months from commencement unless DEVELOPER otherwise approves in writing.

5. During construction of improvements on any Lot, adequate portable sanitary toilets must be provided for the construction crew.

6. Construction activity on a Lot shall be confined within the boundaries of said Lot. Each Owner shall have the obligation to collect and dispose of all rubbish and trash resulting from construction on his Lot.

7. The Board of Directors may fix an amount of an impact fee. The impact fee shall be paid by all Owners at the time any plans, specifications or details are submitted to the DEVELOPER or the Board of Directors for approval in accordance with the provisions of Article 12 herein. Such impact fee shall be held in escrow by the Corporation and shall be used to pay any fines or individual assessments, including the costs of restoring any damaged property restored to its original condition. Any unused portions of the impact fee shall be returned to each Owner upon completion of work commenced in compliance with Article 12 herein.

C. Parking Areas, Driveways and Loading Areas:

1. All parking areas, driveways and roads must meet the requirements of the respective governmental rules and regulations applicable thereto.

2. All parking areas and driveways shall be constructed to have a minimum set-back of five (5) feet from any street right of way.

3. All parking areas and driveways shall be constructed to have a minimum set-back of five (5) feet from any property line other than a street right of way, unless DEVELOPER otherwise approves.

4. Loading areas shall not encroach into set-back areas and shall be set back and screened to minimize the effect of their appearance from neighboring property and the street.

D. Subdivision of Lots:

Lots may be combined and Lot lines altered with approval from DEVELOPER, but no Lots may be subdivided in order to create additional Lots. Lots may also be subdivided with approval from DEVELOPER, subject to all applicable zoning and land use regulations. Notwithstanding the foregoing, the DEVELOPER or its assigns may combine Lots, alter Lot lines or create additional Lots.

E. Temporary Buildings:

No out-buildings of temporary or permanent character shall be built or allowed to remain on any Lot unless specifically approved by DEVELOPER.

F. Service Screening, Storage Areas:

Garbage and refuse containers will be concealed and contained within buildings, or shall be concealed by means of a screening wall or material similar to and compatible with that of the building. These elements shall be integral with the concept of the building plan, be designed so as not to attract attention, and shall be located in the most inconspicuous manner possible. Unless specifically approved by DEVELOPER no materials, supplies or equipment shall be stored on the Property except inside a closed building. Exterior air-conditioning units and rooftop mechanical units shall be screened to minimize the effect of their appearance from neighboring property and the street. No outside storage or displays shall be allowed on any Lot(s) unless specifically approved in writing by DEVELOPER. Storage of non-business related property, including, but not limited to, campers, boats, vessels or other types of recreational vehicles is strictly prohibited.

G. Power and Communication Lines:

All secondary power lines and communication lines on any site shall be placed underground and no portion of any line shall be situated so as to be in public view unless specifically approved by DEVELOPER.

H. Antennas:

No mast or tower for an antenna, whether transmitting, receiving, or both, or satellite dish shall be placed on any site or building unless specifically approved by DEVELOPER. In no event shall an antenna have a wooden mast or tower.

I. Storage Tanks:

No storage tanks, including but not limited to those used for storage of water or propane gas, shall be permitted on any Lot except as specifically approved by DEVELOPER.

J. Mailboxes:

No mailboxes shall be permitted on any Lot except as specifically approved by DEVELOPER.

K. Lighting:

All street and site lighting shall be approved by DEVELOPER. Corporation will be obligated for monthly light and maintenance bills for any street lights on its land or adjacent street right-of-way prior to the time of city annexation and the assumption of these charges by the City.

L. Parking, Loading and Unloading:

No damaged vehicles shall be parked or stored in open areas of the Property. Delivery vehicles (trucks, trailers, and/or vans) shall not be allowed to remain in the parking area located in front of any building for extended periods of time. No on-street parking shall be allowed by any firm or business.

M. Landscaping:

All property shall be landscaped according to plans approved by DEVELOPER. All shrubs, trees, grass and plantings of every kind shall be kept neatly trimmed, properly cultivated and free of trash and other unsightly material. Appropriate provisions shall be provided by Owner for watering and other maintenance of the grounds.

N. Hobbies:

Hobbies or activities that tend to detract from the aesthetic character of the Development and improvements used in connection with such hobbies or activities shall not be permitted in open areas unless carried out or constructed as directed by DEVELOPER. This paragraph is intended to include, but not be limited to, such activities as automotive repair, boat repair and sports equipment placed on any Lot.

O. Advertising:

All signs for advertising or otherwise must be approved by DEVELOPER.

P. Limited Use:

No improvement on any Lot shall be used for shopping center and/or retail food sales without the approval of DEVELOPER.

Q. Mineral Exploration:

Lot(s) shall not be used in any manner to explore for or to use any oil, or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind.

R. Special Use Permit(s). Owners of Industrial Property Lots abutting North Kerr Avenue may be required to obtain a Special Use Permit from New Hanover County prior to the construction of any structure on any Lot(s). Owners of the Lot(s) within the Development shall not object to the issuance of a Special Use Permit to any other Owner(s) within the Development by New Hanover County or engage in any conduct which is intended to interfere with or prevent such Special Use Permit being issued, so long as such use is a permitted use under these Protective Covenants and such use is approved by the DEVELOPER.

S. Stormwater Runoff Regulations. All Lots are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations are amended from time to time. These regulations currently provide that the land area of each Lot will be restricted to 82% of built upon area including impervious surfaces such as foundation; structures; pavement; concrete; driveways, including that portion of the driveway located within a street right-of-way, which runs from the property line to the road pavement; and walkways or patios of brick, stone or slate, and gravel, marl or stone covered areas, not including wood decking. DEVELOPER reserves the right to recalculate the maximum allowable built upon area in accordance with the stormwater runoff rules and regulations of the State of North Carolina. All drainage swales or drainage patterns used to treat stormwater runoff as required by the State of North Carolina may not be filled in, piped or changed without the consent of the DEVELOPER, its designee, the Association, or the State of North Carolina and shall be maintained as set forth in Section V below. The State of North Carolina is hereby made a beneficiary of these PROTECTIVE COVENANTS to the extent necessary to enforce its stormwater runoff regulations as the same may be amended from time to time. This paragraph cannot be changed or deleted without the consent of the State of North Carolina.

T. Undeveloped Property. DEVELOPER shall maintain all undeveloped property in the Development in a neat and attractive condition.

U. Destruction. Any building, structure or improvement which is destroyed in whole or in part by fire or other casualty shall be either rebuilt or torn down, and all debris removed. The Lot shall be restored to a sightly condition with reasonable promptness, however, in no event shall such debris remain on such Lot longer than three (3) months. A temporary privacy wall or fence must be built to screen the property from view within seven (7) days and such fence or wall must be approved in advance by the DEVELOPER.

V. Municipal Water, Sewer Service and Utilities. Municipal sewer service shall be provided by New Hanover County or other municipal agency or department. Water service for the Development shall be provided by a municipal agency or department, or by licensed utility company. If water service to the Lot is available from a municipal agency or department or a licensed utility company, all Owner(s) must tie into and use such system and shall not use a private well. No private well shall be permitted on any Lot except for irrigation purposes or if municipal or community water service is not available. A well for irrigation purposes shall only be allowed with the approval of any private community water system, which approval shall not be unreasonably withheld, and the consent of the DEVELOPER or Committee.

W. Maintenance.

1. All buildings will be permanently maintained in a neat, orderly, and presentable fashion. Owner shall be responsible for the maintenance of right-of-ways affronting its property and the area between the Lot line and the DOT fence on N.C. 132. If, in the opinion of the Corporation or the DEVELOPER, any Owner shall fail to maintain any Lot owned by him in a manner which is reasonably neat and orderly or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, all in the sole opinion of the Corporation or the DEVELOPER, the Corporation in its discretion, by the affirmative vote of a majority of the members of the Board of Directors, or the DEVELOPER, in its discretion, and following ten (10) days written notice to Owner, may enter upon and make or cause to be made repairs to such improvements and perform such maintenance on the Lot as the removal of trash, cutting of grass, pruning of shrubbery, weeding and items of erosion control. The Corporation shall have an easement for the purpose of accomplishing the foregoing. The reasonable cost incurred by the Corporation in rendering all such services, plus a service charge of fifteen percent (15%) of such cost, shall be added to and become an individual assessment to which such Lot is subject as provided in Article 8 herein.

2. The Owner of each Lot shall keep the Lot mowed regularly and clear of any unsightly objects, including that area from the Lot line to the edge of the paved street and from the Lot line to the DOT fence on N.C. 132 and in the event that the Owner of any Lot within the said Development breaches this restriction, the DEVELOPER and Corporation reserve the right to enter upon the Lot and mow the grass, clean up the Lot and remove unsightly structures and objects at property Owner's expense as provided in Paragraph 1 above. Where Lots border on or contain ditches, drainage canals or swales, the Owner of each Lot shall keep that area, including the slopes, down to the edge of the water, mowed and maintained regularly. Washouts or erosions on the Lots adjoining ditch banks and swales to pavement shall be properly tended to by the respective Lot Owner. This obligation and right may be enforced by the Corporation or any Owner as provided in Article 10 herein.

X. Residential Buffer Area. Owner(s) of Lot(s) in which a Residential Buffer Area is located shall construct and maintain a fence on such Lot(s), which location and appearance shall be approved by DEVELOPER. The Corporation shall be responsible to maintain the area between the fence and the Lot line in a neat and orderly condition and appearance.

Y. Graveyard Area. In the event any property is annexed to the Development upon which a graveyard is located, the area surrounding such graveyard shall be designated Common Area and shall be maintained by the Corporation. Any access road to such graveyard shall be maintained by the Owner(s) of such graveyard.

#### ARTICLE 14:

##### AMENITIES AND FACILITIES

Every dedicated access and any other amenity appurtenant to the Development, whether or not shown and delineated on any recorded plat of the Development, shall be considered private and for the sole and exclusive use of the Owners of Lots or property within the Development. Neither DEVELOPER's execution nor the recording of any plat nor any other act of DEVELOPER with respect to such areas is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities or amenities.

#### ARTICLE 15

##### WAIVER

No provision contained in these Protective Covenants, the Articles or the By-laws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

#### ARTICLE 16

##### VARIANCES

The DEVELOPER and the Board of Directors in its discretion may allow reasonable variances and adjustments of these Protective Covenants in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Development of Lots owned in fee by various persons with each such Owner having an easement upon areas owned by the Corporation.

#### ARTICLE 17

##### DURATION, AMENDMENT AND TERMINATION

A. Lots, Persons and Entities Subject to these Protective Covenants. All present and future Owners, tenants, and occupants of Lots and their guests or invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in these Protective Covenants, and as these Protective Covenants may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of these Protective Covenants are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Declaration. The covenants, conditions, restrictions, and affirmative obligations of these Protective Covenants shall inure to the benefit of and be enforceable by the Corporation, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date these Protective Covenants are recorded in the New Hanover County Registry, after which date these Protective Covenants shall be extended for successive periods of twenty (20) years, unless a majority of the then Owners agree to revoke the same, and the covenants, restrictions, conditions and affirmative obligations of these Protective Covenants shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot as though such provision were made a part of each and every deed of conveyance or lease.

B. Amendment. At any time prior to December 31, 2015 or until all Lots are sold, these Protective Covenants may be amended by DEVELOPER in its discretion. Retention of this right by the DEVELOPER is not intended to affect the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development. Thereafter, these Protective Covenants may be amended by vote of not less than sixty percent (60%) of the Owners and an instrument must be recorded at the New Hanover County Registry for such an amendment to be effective. In no event may these Protective Covenants be amended so as to alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein, or so as to deprive DEVELOPER, its designee or successors and assigns of any rights herein granted or reserved unto DEVELOPER. In addition, the DEVELOPER may amend these Protective Covenants to annex additional property and make it subject to the terms, conditions, restrictions, obligations and covenants of these Protective Covenants as provided in Article 11 herein.

C. Invalidation of any one of these covenants or Protective Covenants by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

#### ARTICLE 18

##### CAPTIONS

The capitals preceding the various Articles of these Protective Covenants are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Protective Covenants. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout these Protective Covenants, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

#### ARTICLE 19

##### LIBERAL CONSTRUCTION

The provisions of these Protective Covenants shall be construed liberally to effectuate its purpose of creating a Development of fee simple ownership of Lots and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an Owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners.

#### ARTICLE 20

##### WAIVER

No provision contained in these Protective Covenants, the Articles of Incorporation, the By-laws or the Rules and Regulations of the Corporation shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

#### ARTICLE 21

##### CONFLICT

In the event of any irreconcilable conflict between these Protective Covenants and the By-laws of the Corporation, the provisions of these Protective Covenants shall control. In the event of any irreconcilable conflict between these Protective Covenants or the By-laws and the Articles, the provisions of the Articles shall control.

#### ARTICLE 22

##### SEVERABILITY

Invalidation of any one of these covenants or restrictions by judgment or any court, agency or legislative order shall in no way affect any other provision, covenants, conditions or restrictions contained in these Protective Covenants.

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ARTICLE 23

ASSIGNABILITY OF RIGHTS AND LIABILITIES

DEVELOPER shall have the right to sell, lease, transfer, assign, license and in any manner alienate or dispose of any rights, interests and liabilities retained, accruing and reserved to it by these Protective Covenants. Following any such disposition, DEVELOPER in no way shall be liable or responsible to any party with regard to any such right, interest, or liability or any claim or claims arising out of same in any manner.

IN TESTIMONY WHEREOF, HSP-1, LLC, the DEVELOPER, has caused this instrument to be properly executed under seal this 25 day of April, 1996.

HSP-1, LLC

BY: Bobby W. Harrelson (SEAL)  
Bobby W. Harrelson, Manager

NORTH CAROLINA

New Hanover COUNTY

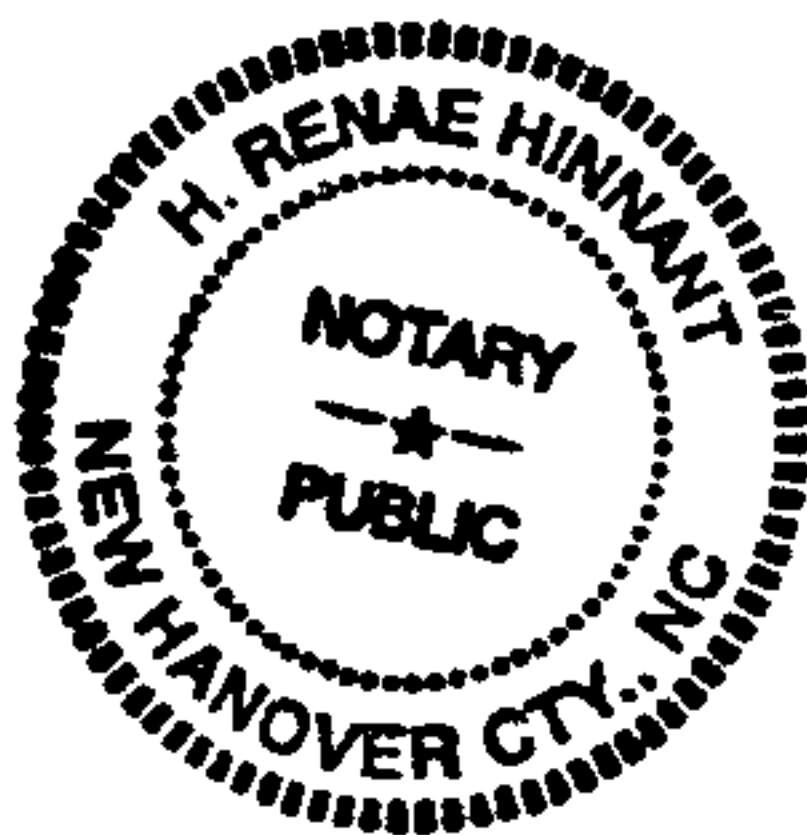
I, N. Renae Hinnant, a Notary Public for said County and State, do hereby certify that Bobby W. Harrelson, Manager of HSP-1, LLC, a limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

19 96 WITNESS my hand and official stamp or seal, this 25<sup>th</sup> day of April

H. Renae Hinnant  
Notary Public

My Commission Expires:

06-20-2000



NORTH CAROLINA

COUNTY OF NEW HANOVER

The foregoing certificate of H. RENAE HINNANT, a Notary Public of NEW HANOVER County, North Carolina, is certified to be correct.

This the 15 day of MAY, 1996.

MARY SUE OOTS, REGISTER OF DEEDS OF NEW HANOVER COUNTY

BY: Jacqueline Nelson  
Deputy