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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

RECORDED AND VERIFIED
MARY SUE DOTS
REGISTER OF DEEDS
NEW HANOVER CO. NC
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RECORDED AND VERIFIED
MARY SUE DOTS
REGISTER OF DEEDS
NEW HANOVER CO. NC
PROTECTIVE COVENANTS
OF SUMMERLIN FALLS
SECTION ONE
DEC 21 PM 9 23

BOOK PAGE

1968 0392 These Protective Covenants, made this the 13 day of December, 1995, by Landmark Developers, Inc., a North Carolina corporation and Landmark Homes, Inc., a North Carolina corporation, their successors and assigns, whether one or more, hereinafter referred to as "DECLARANT".

WITNESSETH:

WHEREAS, DECLARANT is the owner of certain real property in New Hanover County, North Carolina, which is more particularly described as SUMMERLIN FALLS, Section 1 in that map recorded in Map Book 35, Page 184, of the New Hanover County Registry.

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.

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ARTICLE I

Definitions

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Section 1. Association and HOA shall be used interchangeably to mean and refer to Summerlin Falls Homeowners' Association, Inc., a private non-profit corporation formed or to be formed by the developer primarily as a Homeowners Association for the Lot Owners in SUMMERLIN FALLS, all of whom shall be Members of the Association.

Section 2. Board of Directors or Board shall be the elected board governing the Association and managing the affairs of the Association.

Section 3. Bylaws means the Bylaws of Summerlin Falls Homeowners' Association, Inc.

Section 4. Common Area shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including Conservation Area(s).

Section 5. Common Expenses means and includes actual and estimated expenses of maintaining and operating the Common Areas and Limited Common Areas and Conservation Area(s) and operating the Association for general purposes, including any reasonable reserve, as may be found necessary and appropriate by the Board of Directors pursuant to these Protective Covenants, the Bylaws and the Articles of Incorporation of the Association, including the following:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses of administration, maintenance, repair or replacement of Common Areas, sewer system outside of the public right-of-way, and the stormwater runoff system;
- (c) Expenses declared to be Common Expenses by the provisions of these Protective Covenants or the Bylaws.
- (d) Expenses agreed by the Members to be Common Expenses of the Association.
- (e) Any ad valorem taxes and public assessments levied against the Common Area.

Rerecorded to add Exhibit A and add language omitted from Article 12.

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Section 6. DECLARANT shall be and refer to Landmark Developers, Inc., a North Carolina corporation, its successors and assigns, and Landmark Homes, Inc., a North Carolina corporation, 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. Protective Covenants shall mean this instrument as it may be from time to time amended or supplemented.

Section 8. Eligible Mortgage Holder or Eligible Holders is defined as a holder of a first mortgage or lien on a unit who has requested notice of certain matters from the Association.

Section 9. Limited Common Areas shall mean and include those Common Areas and facilities which are reserved for the use of a certain Lot or Lots to the exclusion of other Lots, as more specifically defined herein.

Section 10. Lot shall mean and refer to any of the Lots numbered 1 through 4, and 1-G through 4-G, inclusive, as shown on the plat of SUMMERLIN FALLS, Section 1, recorded as aforesaid, in the New Hanover County Registry together with the single family structure or dwelling thereon which structure may be separately referred to as a "Unit", and any other numbered lots which may be shown on maps which may be recorded in the future showing additional sections of SUMMERLIN FALLS.

Section 11. Member shall mean and refer to each and every person and entity who or which owns a Lot in SUMMERLIN FALLS SUBDIVISION.

Section 12. Mortgagee shall mean a beneficiary under a mortgage or Deed of Trust.

Section 13. Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 14. Properties shall mean and refer to that certain real property which is described as SUMMERLIN FALLS, Section 1, in that map recorded in Map Book 35, Page 184, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 15. Subdivision means all of that real property known collectively as SUMMERLIN FALLS as shown on that map recorded in Map Book 35, Page 184, New Hanover County Registry and all maps which may be recorded in the future showing additional sections of SUMMERLIN FALLS.

ARTICLE 2

Property Rights

Section 1. Owners' Easements Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- a. The right to the Association to limit the number of guests of Members;
- b. The right of the Association to suspend the voting rights and right to use the Common Areas and the recreational facilities by an Owner for any period during which any assessment against this Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- c. The right of the Association 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 Association;
- d. The right of the Association to impose rules and regulations for the use and enjoyment of the Common Area and improvements thereon, and Limited Common Area and improvements thereon, which regulations may further restrict the use of the Common Area and Limited Common Area and the right of the Association to establish penalties for any infractions thereof.

Section 2. Delegation of Use. Owner may delegate, in accordance with the ByLaws, 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 3

DECLARANT'S Rights

Section 1. The DECLARANT hereby reserves the right to annex and subject to these restrictions the real property described in Exhibit A attached hereto and incorporated herein by reference, in order to extend the scheme of these Protective Covenants to other property to be developed and thereby bring such additional Properties within the jurisdiction of the Association. Each additional parcel or tract of land, with the improvements thereon, or to be placed thereon, which is subject to this Protective Covenants shall be designated consecutively as "Section Two", "Section Three", and such other similar designations for any additional phases added.

Section 2. The rights reserved by DECLARANT in Section One 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 DECLARANT, be necessary or desirable, except that the DECLARANT shall have no right to change, alter or redesignate the character of the use of the Lots within the development.

ARTICLE 4

Easements

Section 1. Easements are reserved as necessary in the Common Areas for installation and maintenance of underground utilities and drainage facilities.

Section 2. The Association, acting through its officers, agents, servants, and/or employees shall have the right of unobstructed access at all reasonable times to all Properties as may be reasonably necessary to perform the exterior maintenance called for in Articles 11 and 12 of these Protective Covenants.

Section 3. Easements are reserved over those portions of the Common Areas, Limited Common Areas and facilities that may be necessary or required to accommodate overhanging eaves or other cantilevered construction which may encroach upon the Common Areas or Limited Common Areas or the air and light space above such Common Areas.

Section 4. Each Lot and all Common Areas and facilities and Limited Common Areas and facilities are hereby subject to an easement for the installation, repair, maintenance, expansion, reduction, inspection, removal, relocation, meter reading or other service, of or to all gas, electricity, television, telephone, water, plumbing, sewer, utility, drainage, irrigation or other facilities, whether or not the cause of any or all of those activities originates on the Lot in which the work must be performed.

Section 5. Each Lot, and the property included in the Common Area, shall be subject to an easement for encroachments created by construction, settling and overhangs for all buildings constructed by DECLARANT. A valid easement for said encroachments and for the maintenance of same, so long as such encroachments stand, shall and does exist.

Section 6. Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks, and lanes as the same from time to time may exit upon the Common Areas and facilities; and, for vehicular traffic over, through and across all streets as from time to time may be paved and intended for such purposes, for all Lot Owners in SUMMERLIN FALLS, their guests, families, invitees, licensees, employees, lessees, the Association, the DECLARANT, its successors and assigns. DECLARANT hereby reserves alienable easements over all streets and Common Areas as necessary to provide access for future development by DECLARANT or its successors and assigns of any Properties adjoining the Project.

Section 7. 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.

Section 8. In case of any emergency originating in or threatening any Unit or Lot or the Common Areas and facilities, regardless whether the Unit or Lot Owner is present at the time of such emergency, the Board of Directors or any other person authorized by it, shall have the right to enter any Unit for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Unit Owner, and such right of entry shall be immediate.

Section 9. The real property in this Subdivision 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, which will subject each Owner to a continuing monthly payment to Carolina Power and Light Company.

Section 10. 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.

Section 11. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of the garage and the parking space immediately in front of the garage for parking purposes. Only guests of Owners shall be allowed to park in the delineated parking spaces. Owners and their guests shall have the right of ingress and egress in and upon their applicable parking area(s). No Owner or guest shall park a vehicle which blocks another Owner's access to his garage.

ARTICLE 5

Association

Section 1. Purpose. An Association named Summerlin Falls Homeowners Association, Inc., has or will be formed pursuant to the requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina. Its purposes are to own, manage, maintain and operate the Common Areas and facilities located upon the Common Areas and the Limited Common Areas and facilities located upon the Limited Common Areas, subject to the provisions of Article 11 herein; to enforce the Protective Covenants contained herein, and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

Section 2. Membership. Every person who is record Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligations, shall be a member of the Association. Ownership of such interest shall be the sole qualification for such membership; there shall be only one vote per Lot in such Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The Board of Directors may make reasonable rules regarding proof of ownership.

Section 3. Voting Rights. The Association shall have two classes of voting memberships.

- a. Class "A". Class A Members 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 they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.
- b. Class "B". Class B Member(s) shall be the DECLARANT and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:
 - (1) When the DECLARANT owns twenty-five percent (25%) or less of the residential lots in the subdivision, including any property which may be annexed to the subdivision, or
 - (2) On December 31, 2005.

Section 4. Common Area and Limited Common Area. The Common Area and Limited Common Area cannot be mortgaged or conveyed without the consent of the two-thirds (2/3) of the Lot Owners.

Section 5. Management and Administration. The management and administration of the Common Areas and Limited Common Areas of the Subdivision and the Association shall be the sole right and responsibility of the Association. The management shall be carried out in accordance with the terms and conditions of these Protective Covenants, the Articles of Incorporation and Bylaws of the Association, but may be delegated or contracted to manager(s) or a management service.

Section 6. Assumption and Assignment to Association. All water, sewer, land use, stormwater system and utility permits, agreements and easements between DECLARANT and any municipal or governmental agency or department or public or private utility company shall be assumed by the Association upon the assignment of all such permits, agreements and easements to the Association by DECLARANT. The Association shall thereafter be responsible for and assume all duties, obligations, rights and privileges of DECLARANT under such permits, agreements and easements, including all maintenance responsibilities. In addition, the Association shall assume all maintenance responsibilities for those sections of the sewer system located outside the public right-of-way.

ARTICLE 6

Covenants for 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:

- a. General assessments or charges for Common Expenses, and
- b. Special assessments for capital improvements, or special assessments as established by the Board of Directors, and
- c. Individual assessments 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 Association. The Association 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 general, special and individual assessments, together with interest, costs, late fees and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, late fees and reasonable attorney's fees, 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 personal obligation for delinquent assessments shall not pass to any successors in title unless specifically assumed by them.

PROVIDED, the DECLARANT shall be exempt from the payment of the general assessment fee for any unsold Lots which are platted of record in the Office of the Register of Deeds of New Hanover County, during the period ending December 31, 2005, except that DECLARANT shall pay for grounds maintenance for any unsold Lots.

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 in the Properties and for the Improvements and maintenance of the Common Area, and Limited Common Area, and of the Units situated upon the Properties and to pay the taxes and other municipal charges or fees of the Common Area.

Section 3. Initial General Assessment. The initial assessment, due and payable to the Association, shall be prorated and paid at the time of closing of the purchase of a Lot by an Owner, so that all payments thereafter shall be due on the first day of the month following the closing and on the first day of each following month or the due date(s) which may be set by the Board of Directors as is more fully set forth in Section 6 of this Article. All general assessments shall be fixed to a uniform rate for all Lots.

Section 4. Special Assessments for Capital Improvements. In addition to the general assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to the year only 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 maintenance of sewer lines and other elements of the sewer system as required by government permits or as needed, Limited Common Area, easement areas, including fixtures, and personal property related thereto provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments for capital improvements shall be fixed to a uniform rate for all Lots.

Section 5. Working Capital Assessment. At the time title is conveyed to an Owner by DECLARANT, each Owner shall contribute to the Association as working capital an amount equal to two months of the regular general assessment amount. Such funds shall be used solely for initial operating and capital expenses of the Association, 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 funds of the Association.

Section 6. Notice and Quorum for any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. The required quorum at any 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 7. Date of Commencement of General Assessments and Due Dates. The general assessments provided for herein shall commence as to all Lots in this section on the day of the conveyance of the first Lot in this section except that general assessments shall not commence for any Lot until a certificate of occupancy has been issued for such Lot. 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.

Section 8. Effect of Nonpayment of Assessments and Remedies of the Association. Any 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 attorney's fees, shall constitute a lien against the Lot upon which such assessments are levied. The Association 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 Association may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to paying 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 herein by non-use of the Common Area or abandonment of his Lot or for any other reason.

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 become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All Properties dedicated to, and accepted by, a local public 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, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE 7
Insurance

It shall be the duty of the Association to maintain in effect the casualty and liability insurance as follows:

Section 1. Amount and Scope of Insurance. All insurance policies upon the Properties (except personal property within a Unit), shall be secured by the Board of Directors, or its designee on behalf of the Association with full authority which shall obtain such insurance against (1) loss or damages by fire or other hazards normally insured against, and (2) such other risks, including public liability insurance, as from time to time shall be customarily required by private institutional Mortgage Investors for projects similar in construction, location and use as the Properties and the improvements thereon all under such terms and conditions as the responsible authority shall be for at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, and deaths of persons in connection with the operation, or maintenance or use of the Common Areas and areas for which the Association has maintenance responsibilities, and legal liability arising out of lawsuits relating to employment contracts of the Association. The foregoing shall not preclude the Board from obtaining insurance coverage on all or a portion of the Limited Common Areas and facilities. In obtaining such coverage the responsible authority shall consider the reasonable requirements of holders of first liens on individual Lots.

Section 2. Insurance Provisions. The Board of Directors shall make diligent efforts to insure that said insurance policies provide for the following:

- a. A waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Lot Owners and their employees, agents, tenants and invitees.
- b. A waiver by the insurer of its right to repair and reconstruct instead of paying cash.
- c. Coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days prior written notice to the named insured and all Mortgagees.
- d. Coverage will not be prejudiced by act or neglect of the Lot Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the property over which the Association has no control.
- e. The master policy on the property cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Lot Owners.
- f. The master policy, on the property cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which defect may be cured by the Association, any Lot Owner or any Mortgagee.

Section 3. Premiums. All insurance policy premiums on the property for the benefit of the Association purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a Common Expense and the Association shall levy against the Owners equally as an additional general assessment, (herein called "Insurance Assessment") which shall be in addition to the amounts provided for under Section 3 above, an amount sufficient to pay the annual cost of all such insurance premiums.

Section 4. Proceeds. All insurance policies purchased pursuant to these provisions shall provide that all proceeds thereof shall be payable to the Board as insurance trustee or to such attorney-at-law or institution with trust powers as may be approved by the Board of Directors.

Section 5. Policies. All insurance policies purchased by the Board of Directors shall be with a company or companies permitted to do business in the State of North Carolina and holding a rating of "A" or better by the current issue of Best's Insurance Reports. All insurance policies shall be written for the benefit of the Board of Directors and the Lot Owners and their Mortgagees as their respective interests may appear, and shall provide that all proceeds thereof shall be payable to the Board of Directors and duplicates of said policies and endorsements and all renewals thereof, or certificates thereof, together with proof of payment of premiums, shall be delivered to the Owners at least ten (10) days prior to the expiration date with respect to the then current policies. Duplicates shall also be obtained and issued by the Association to each Mortgagee, if any, upon request of such Mortgagee at any time.

Section 6. Individual Policies. If the Association shall determine that it would be more economically feasible in lieu of the Association maintaining a master policy for the entire project, for the Unit Owners to purchase insurance policies covering each Unit and Unit Owner individually, then upon the assent of two-thirds of Members (which votes may be cast in person or by proxy) who are eligible to vote at a meeting duly called for such purpose, the insurance coverage for the entire project may be turned over to the Members to purchase individual policies under such terms and conditions as the Association may prescribe. If the responsibility for maintaining the insurance coverage on the project is turned over to the individual Lot Owners under the provisions of this paragraph, then the Association shall be named as additional insured on each policy, each Unit shall be insured for its full replacement value and the provision of this Article 7 shall be modified accordingly.

Section 7. Distribution of Insurance Proceeds. Proceeds of insurance policies shall be distributed to or for the benefit of the beneficial Owners in the following manner:

- a. Expenses of Trust. All reasonable expenses of the insurance trustee shall be first paid or provision made therefor.
- b. Reconstruction or Repair. The remaining proceeds shall be used to defray the cost of repair for the damage or reconstruction for which the proceeds are paid. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners, including lienholders of record, or retained by the Association for such Common Expenses or purposes as the Board shall determine.

ARTICLE 8

Fidelity Bonds

Section 1. General. The Association may maintain blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association. If the Association shall delegate some or all the responsibility for the handling of its fund to a management agent, such fidelity bonds shall be maintained by such management agent for its offices, employees and agents handling or responsible for funds of or administered on behalf of the Association.

Section 2. Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months aggregate assessments on all Units plus reserve funds.

Section 3. Other Requirements. Fidelity bonds required herein must meet the following requirements:

- a. Fidelity bonds shall name the Association as an obligee.
- b. The bonds shall contain waivers by the issuers of the bonds of all defenses upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.
- c. The premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a Common Expense.

- d. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association if a condominium project, to any insurance trustee and each Eligible Mortgage Holder.

Section 4. Recommendation of Rental Agents. At the annual meeting of the Association, or such other meeting of the Association as is designated by the Board, the Board may, upon notice to the Owners, recommend for the approval of the Association one or more agents for the rental of Units during the forthcoming year. Prior to recommending agents for the approval of the Association, the Board shall have authority to require of any agent desiring to qualify as an approved agent to submit a copy of the proposed rental agreement to be used by such agent, together with such other information as the Board may reasonably require. The Board may require, as a condition of approval, that all rental agreements incorporate such standard procedures as may be required to minimize problems of security, maintenance, equality and operation of the Common Areas and facilities of the property. Neither the Association nor the Board shall have, or attempt to impose as a condition of approval, any control over the commission schedule, or fees charged by any approved rental agent, or the permissible period of rental, all of which shall be for the sole determination of the approved rental agent and any Owner selecting such agent.

Each Owner shall have the absolute right to enter into any direct rental, lease or sales arrangement with renters, lessees and purchasers which shall be consistent with the Protective Covenants, Bylaws of the Association and such other regulations as may from time to time be promulgated by the Association and/or Board provided that said rental shall be at least three (3) months in continuous term. Nothing herein shall be construed as creating or authorizing any rental pooling or as requiring the rental of a Unit by an Owner or as restricting the Owner's use of his Unit. If any court of law, governmental regulatory body having appropriate jurisdiction or approved legal counsel to the Association determines that any portion of this provision is unlawful or would require registration of the offering of any Lot as security, then such portion of this provision shall be invalid until such requirement is eliminated.

ARTICLE 9

Architectural Control

Section 1. 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 DECLARANT, or by an architectural committee composed of three (3) or more representatives appointed by the DECLARANT. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, changes in grade or slope, swimming pool, treehouse, playhouse, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, utility facility, mailbox, patio, deck, shrubbery or landscaping. In the event said DECLARANT, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after complete 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. DECLARANT shall notify Owner(s) if complete plans and specifications have not been received. DECLARANT, subject to the provisions of Section 2 hereinafter, may assign these duties to the Board of Directors of the Association or to an architectural committee composed of three (3) or more representatives appointed by the Board.

Section 2. All duties and responsibilities conferred upon the Board or the Architectural Control Committee by these Protective Covenants or the Bylaws of the Association may be exercised and performed by the DECLARANT or its Designee at its discretion, so long as DECLARANT shall own any Lot in the Properties or any additions annexed thereto by Supplemental Protective Covenants or Amendment to these Protective Covenants.

Section 3. Once construction of an improvement is started on any Lot, the improvement must be completed in accordance with the approved plans and specifications within twelve (12) months from commencement.

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1963	0879	<u>Party Walls</u>		

Section 1. General Rules of Law to Apply. Each wall is built as a part of the original construction of the Units 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 of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing or 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 other 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 larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission.

Section 4. Weatherproofing. Notwithstanding any other provision 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 protection against such element.

Section 5. 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 6. 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 decisions shall be by a majority of all the arbitrators.

ARTICLE 11

Limited Common Areas

The central courtyard areas, being that land in the middle of each four (4) Unit cluster of Lots as further described on a map recorded in Map Book 35, Page 184, of the New Hanover County Registry and any other maps of additional sections of the Subdivision, which may be recorded in the New Hanover County Registry in the future, shall be known as the Limited Common Area. The Owner of the Lots abutting the Limited Common Area shall have the exclusive use, possession and control of the Limited Common Area abutting their Lots, subject to the same rights and limitations applicable to each Owner and Lot as provided herein and in the Bylaws and Rules and Regulations of the Association. PROVIDED, however, that the Limited Common Areas shall be maintained by the Association as provided in Article 12 herein. No personal property or fixtures of any kind or sort may be placed or stored in any Limited Common Area, except as may be provided by the Association.

ARTICLE 12

Exterior Maintenance

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, brick walls and other exterior improvements. Such exterior maintenance shall not include glass surfaces, exterior doors, and window frames (i.e. entire window unit), gates to private courtyards which are part of any Lot(s) unless approved by the Board of Directors, except the Association shall be responsible for painting exterior doors. *WMO*

The exterior maintenance obligations described in the preceding paragraph shall also apply to the Limited Common Areas hereinabove defined and shall include, in addition, maintenance to any gates, or fountains located in Limited Common Areas as well as all personal property, fixtures, or other property placed upon the Limited Common Areas by Declarant of the Association.

Owners are solely responsible for the maintenance of their Lot except as to maintenance of those areas expressly set forth in this Article.

In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the Owner, his family, guests, invitees, lessees, agents or employees, the cost of such maintenance, replacement or repairs, shall be added to and become an individual assessment to which such Lot is subject.

ARTICLE 13

Use Restrictions

Section 1. Land Use and Building Type.

(a) All Lots shall be used for single family residential purposes except that so long as the DECLARANT or its designee shall retain ownership of any Lots, it may utilize any such Lot or Lots for sales or rentals, offices, models or other usage for the purpose of selling or renting Lots within said project including the right to place "For Sale" or "For Rent" or "Future Home Of..." signs on such Lots. The DECLARANT may assign this limited commercial usage right to any other person or entitles as it may choose; provided, however, that when all Lots have been sold this right of commercial usage by the DECLARANT, its designee, its successors and assigns shall immediately cease. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling not to exceed one story in height. Any building erected, altered, placed or permitted to remain on any Lot shall be subject to the provisions of Article 9 of these Protective Covenants relating to Architectural Control.

(b) Nothing shall be stored in any Common Areas or Limited Common Area without the prior consent of the Board of directors; there shall be no obstruction of any Common Area or Limited Common Area; and there shall be no violation of the rules and regulations adopted by the Board of Directors.

Section 2. Nuisances. No noxious or offensive activity or noise or odor shall be carried on or created on or upon any Lot, or any Common Area or Limited Common Area nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Junk Vehicles. No inoperable vehicle or vehicle without current registration and insurance will be permitted on the premises. The Association shall have the right to have all such vehicles towed away at the Owner's expense.

Section 4. Outside Furniture. No furniture or personal property shall be permitted on the front porch except plants which must be approved by the Board of Directors. No furniture or any other type of personal property or fixtures shall be permitted in any Common Area or Limited Common Area.

Section 5. Signs Prohibited. Except as provided in Section 1 above, no "For Sale" or "For Rent" signs or any other signs or advertisements shall be permitted on any Lot or Common Area and facilities or Limited Common Area and facilities.

Section 6. Temporary Structures. No structure of a temporary character, including, but not limited to, trailer, tent, shack, garage, barn or other outbuilding, shall be used on any Lot any time as a residence either temporarily or permanently.

Section 7. Vehicles. No truck nor other vehicle in excess of a three-quarter (3/4) ton capacity, boat, vessel, motor boat, camper, trailer, motor or mobile homes, or similar type vehicle or apparatus shall be permitted to remain on any Lot, or in parking spaces, or on any street at any time, unless by consent of the Association. No vehicle of any type shall be parked on any street in the Subdivision. All vehicles, including motorcycles, must be parked only in a designated parking space as provided in Article 4, Section 10 or in a garage. All tools or other materials stored in vehicles for overnight parking shall be kept out of sight. No customized vehicles which are unsightly in appearance as determined by the Board of Directors or the DECLARANT shall be allowed.

Section 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free and are at all times properly leashed and personally escorted and not become a nuisance or bother to other Owners. No animals, livestock or poultry of any kind may be raised, bred or kept in any Common Area or Limited Common Area. Pets must be restrained or confined within the Unit. Owners must promptly remove any and all animal excrement from any and all Common Areas and Limited Common Areas and Lot(s) and keep such area(s) clean and free of pet debris. All animals must be properly tagged for identification.

Section 9. Outside Antennas and Satellite Dishes. No outside radio or television antennas or satellite dishes shall be erected on any Lot or dwelling Unit within the Properties unless and until permission for the same has been granted by the Board of Directors or its architectural control committee. Any such antennas or satellite dishes must be screened and not visible outside the Lot.

Section 10. Window Coverings. All window treatments or coverings must be off white in color as seen from outside the Unit.

Section 11. Exterior Lights. All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot shall be clear, white, or non-frost lights or bulbs.

Section 12. Fireplaces. No wood burning fireplaces shall be constructed on any Lot or within any dwelling Unit. Decorative fireplaces with electric heating elements or gas logs and gas tanks may be allowed if permission is granted by the Board of Directors or its architectural control committee.

Section 13. Destruction. Any dwelling or improvement on any Lot that is destroyed in whole or in part by fire or other casualty shall be rebuilt and all debris removed and the Lot restored to a slightly condition with reasonable promptness, provided, however, that in no event shall such debris remain on such Lot longer than three months. A temporary privacy wall or fence must be built to provide continued privacy of adjacent neighbors within seven days and must be approved in advance by the Board.

Section 14. 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 Subdivision, including all additions thereto will be restricted to a maximum of 322,860 square feet 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 or the water surface of swimming pools. DECLARANT reserves the right to recalculate the maximum allowable built upon area in accordance with the stormwater 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 DECLARANT, its designee, the Association, or the State of North Carolina and shall be maintained by the Association. The State of North Carolina is hereby made a beneficiary of this 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.

Section 15. Red-Cockaded Woodpecker. The Red-Cockaded Woodpecker is recognized as a federally endangered species, and as such it and its cavity trees are protected by federal law. Cavity trees of the Red-Cockaded Woodpecker exist in various locations throughout the Properties and have been tagged for easy identification. Any person or persons attempting to remove trees or causing damage to such sites are subject to prosecution to the fullest extent permissible under federal law.

Section 16. Conservation Area. Any area identified in any recorded map as a Conservation Area shall be a Common Area and shall be maintained by the Association. Conservation Area(s) shall be created to protect the habitat of the Red-Cockaded Woodpecker. The Conservation Area(s) shall be maintained in its natural state and in accordance with all management or maintenance plans required by any local, state or federal governmental authorities so long as the area is required to protect the habitat of the Red-Cockaded Woodpecker. If any Conservation Area(s) is no longer required to be maintained to protect the habitat of the Red-Cockaded Woodpecker, the Association may maintain such area(s) as Common Area(s) in the same manner it maintains other Common Area(s).

ARTICLE 14

Annexation of Additional Properties

Section 1. Except as provided in Sections 2 and 3, below, annexation of additional property shall require the assent of two-thirds (2/3) of the Class A Members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

Section 2. If the DECLARANT, its successors or assigns, shall develop all or any portion of any land described in Exhibit A, such additional tract or tracts may be annexed to said Properties without the assent of the Class A Members, provided however, the development of the additional tract or tracts described in this section shall be in accordance with the same general scheme of development as SUMMERLIN FALLS.

Section 3. *The rights of DECLARANT reserved in Article 3 shall expire automatically on December 31, 2015, if not exercised prior thereto.*

ARTICLE 15

Compliance with these Protective Covenants, the Articles and the Bylaws of the Corporation

In the case of failure of an Owner to comply with the terms and provisions contained in this Protective Covenants, the Articles, the Bylaws or Rules and Regulations of the Association, the following relief shall be available:

Section 1. *The Association, the DECLARANT and any Owner, an aggrieved Owner within the Subdivision on behalf of the Association or any Owner on behalf of all the Owners within the Subdivision 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, Bylaws and rules and regulations of the Association and any and all laws hereinafter imposed pursuant to the terms of these Protective Covenants. The prevailing party shall be entitled to collect all costs thereof, including reasonable attorney's fees.*

Section 2. *The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner as an individual assessment as provided in Article 6 herein.*

Section 3. *For any violation by an Owner, including, but not limited to, the nonpayment of any general, special or individual assessment, the Association 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 Subdivision for any period during which a violation continues except that such penalties may not be for more than sixty (60) days for violation of any of the Association's published rules and regulations.*

Section 4. *The Association may establish a schedule of fines for the violation of this Protective Covenants, the Articles, Bylaws and rules and regulations. If an Owner does not pay the fine within 15 days the fine shall be an individual assessment against the property and may be enforced by the Association in accordance with Article 6 herein.*

Section 5. *The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.*

Section 6. *The failure of the Association or any person or Owner to enforce any restriction contained in these Protective Covenants, the Articles, the Bylaws or the Rules and Regulations shall not be deemed a waiver of the right to do so thereafter.*

ARTICLE 16

Duration, Amendment & Termination

Section 1. Lots, Persons and Entities Subject to the 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 the 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 Protective Covenants. The covenants, conditions, restrictions, and affirmative obligations of these Protective Covenants shall inure to the benefit of and be enforceable by the Association, 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 is 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 this obligations 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.*

Section 2. Amendment. At any time prior to December 31, 2015 or until all Lots are sold, these Protective Covenants may be amended by DECLARANT in its discretion. Retention of this right by the DECLARANT 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 the 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 DECLARANT, its designee or successors and assigns of any rights herein granted or reserved unto DECLARANT. In addition, the DECLARANT may amend this 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 3 and Article 14 herein.

ARTICLE 17

General Provisions

Section 1. Municipal Water, Sewer Service and Utilities. Municipal sewer service shall be provided by the City of Wilmington or other municipal agency or department. Water service for the Subdivision shall be provided by a municipal agency or department, or by licensed utility company. No private well shall be permitted on any Lot except for irrigation purposes, and then only with the consent of the Board of Directors. The operation and maintenance of any non-municipal utility, including, but not limited to the water, sewer, drainage, irrigation systems and driveway/parking areas, will be the responsibility of the Association.

Section 2. Amenities and Facilities. Every park, recreation area, recreation facility, dedicated access and other amenities appurtenant to the Subdivision, whether or not shown and delineated on any recorded plat of the Subdivision, shall be considered private and for the sole and exclusive use of the Owners of Lots within the Subdivision. Neither DECLARANT'S execution nor the recording of any plat nor any other act of DECLARANT with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities, or amenities.

Section 3. Waiver. No provision contained in these Protective Covenants, the Articles of Incorporation or the By-Laws of the Association 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.

Section 4. Variations. The Board of Directors or DECLARANT in its discretion may allow reasonable variations and adjustments of these Protective Covenants in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variations shall not violate the spirit or the intent of this document to create a Subdivision of Lots owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

Section 5. Conflict. In the event of any irreconcilable conflict between these Restrictions and the By-Laws of the Association, the provisions of these Restrictions shall control. In the event of any irreconcilable conflict between these Restrictions or the By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 6. Severability. Invalidity 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.

Section 7. Captions. The captions 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.

Section 8. Assignability of Rights and Liabilities. DECLARANT 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, DECLARANT 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.

Section 9. Liberal Construction. The provisions of these Protective Covenants shall be construed liberally to effectuate its purpose of creating a Subdivision 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.

IN WITNESS WHEREOF, Landmark Developers, Inc., and Landmark Homes, Inc. the DECLARANT, have caused this instrument to be executed by its proper corporate officers, all as of the day and year first above written.

(CORPORATE SEAL)

LANDMARK DEVELOPERS, INC.

ATTEST:

BY:

H. Renee Hurvart
ASST. Secretary



B. Rex Stephens
VICE President

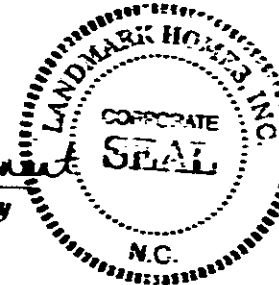
(CORPORATE SEAL)

LANDMARK HOMES, INC.

ATTEST:

BY:

H. Renee Hurvart
ASST. Secretary



B. Rex Stephens
VICE President

NORTH CAROLINA

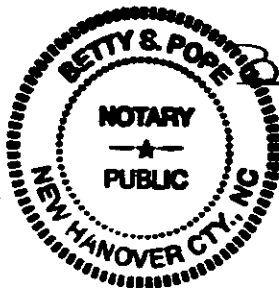
NEW HANOVER COUNTY

I, Betty S. Pope, a Notary Public of the State and County aforesaid, certify that H. Renee Hurvart personally came before me this day and acknowledged that she is ~~Asst~~ secretary of Landmark Developers, Inc., a North Carolina corporation with its principal office in New Hanover County, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its ~~Asst~~ President, sealed with its corporate seal, and attested by himself as its ~~Asst~~ secretary.

WITNESS my hand and official seal this 13th day of December, 1995.

My commission expires:

Nov. 8, 1996



Betty S. Pope
Notary Public

NORTH CAROLINA
NEW HANOVER COUNTY

I, Betty S. Pope, a Notary Public of the State and County aforesaid, certify that H. Rarce Throck personally came before me this day and acknowledged that she is Asst secretary of Landmark Homes, Inc., a North Carolina corporation with its principal office in New Hanover County, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Asst secretary.

WITNESS my hand and official seal this 13 day of December, 1995.



Betty S. Pope
Notary Public

My commission expires:
Nov. 8, 1996

NORTH CAROLINA
COUNTY OF NEW HANOVER

The foregoing certificate of Betty S. Pope, a Notary Public of New Hanover County, North Carolina, is certified to be correct.

This 13 day of Dec, 1995.

Mary Sue Oots
REGISTER OF DEEDS OF NEW HANOVER COUNTY

BY: Phyllis Lyon
Deputy

EXHIBIT A

A certain tract or parcel of land lying and being in Wilmington Township, New Hanover County, North Carolina, and being a part of the Landmark Land and Timber, Inc. tract as described in Deed Book 1316, page 366 of the New Hanover County Registry, and being more particularly described as follows:

BEGINNING at an iron pipe in the western right-of-way line of the 60 foot public right of way of George Anderson Drive, said iron pipe being located the following bearings and distances from a concrete control monument located at the intersection of the centerline of George Anderson Drive with the eastern right-of-way line of U.S. 421, Carolina Beach Road, North 56 degrees 05 minutes 20 seconds East 943.79 feet with the centerline of George Anderson Drive, thence North 29 degrees 53 minutes 17 seconds West 30.07 feet to the point of **BEGINNING**. From said **BEGINNING** point, leaving the right-of-way of George Anderson Drive, North 29 degrees 53 minutes 15 seconds West 967.67 feet to an old iron pipe, thence North 44 degrees 38 minutes 42 seconds East 1015.47 feet to an old iron pipe on the western right-of-way line of George Anderson Drive, thence with said right-of-way a curve to the left having a radius of 533.81 feet and a chord of South 03 degrees 06 minutes 10 seconds East 508.55 feet to an iron pipe on said right-of-way, thence continuing with said right-of-way South 31 degrees 33 minutes 00 seconds East 134.57 feet to an iron pipe thence continuing with said right-of-way a curve to the right having a radius of 621.31 feet and a chord of South 12 degrees 16 minutes 10 seconds West 860.38 feet to an iron pipe on said right-of-way, thence continuing with said right-of-way South 56 degrees 05 minutes 20 seconds West 176.40 feet to the point of **BEGINNING** and containing 16.955 acres according to a survey by Hanover Design Services, P.A. in February of 1995.

EXPLANATION STATEMENT TO CORRECT OBVIOUS MINOR ERROR(S)
MADE IN AN INSTRUMENT AS ORIGINALLY RECORDED

RE: BOOK 1963

PAGE 0870

RECORDED IN THE NEW HAMOVER COUNTY REGISTRY

NAMES OF ALL PARTIES TO THE ORIGINAL INSTRUMENT:

DECLARANT: Landmark Developers, Inc and Landmark Homes, Inc.

TRUSTEE: N/A

BENEFICIARY: N/A

STATE OF NORTH CAROLINA

COUNTY OF NEW HAMOVER

I/WE, the undersigned, hereby certify that the following corrections are made in the above-named recorded instrument in accordance with the provisions of G.S. §47-36.1 ratified June 30, 1986.

DESCRIPTION OF CORRECTION(S): EXHIBIT A and language in Article 12 was inadvertently omitted from the original recorded Protective Covenants.

THIS THE 21st DAY OF DECEMBER, 1995.

Nancy H. Gayton (SEAL)
Nancy H. Gayton

This explanation statement together with the attached instrument duly rerecorded at 4:23 o'clock P.m. this the 21 day of DEC, 1995, in the book and page shown on the first page hereof.

MARY SUE GOTS
Register of Deeds

By: Jackie Watson
Deputy/Assistant Register
of Deeds