

The POA Board has included a complete copy of the restrictive covenants on this page to clarify the many misconceptions about them and to prevent any future misunderstandings. Also included are the Articles of Incorporation and the By-Laws of the Property Owners Association

The covenants are a product of Lake Creek Corporation. The Board has been charged with the responsibility of enforcing them as written. The Board has no authority under the covenants to alter them or forgive infractions.

We would encourage all property owners to acquaint themselves with the covenants, consult the architectural committee, or attend a board meeting before altering or adding to their property.

It is unfortunate that hard feelings have resulted, and significant POA funds have been expended on legal fees enforcing these covenants. Whether you agree or disagree with them, they were and are intended to keep Bay Tree an uncluttered, pristine, lake front community.

1972 Restrictive Covenants

NORTH CAROLINA
BLADEN COUNTY

BOOK 193

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DECLARATION OF PROTECTIVE COVENANTS
AND RESTRICTIONS
FOR
BAY TREE LAKES

THIS DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS AND CONTRACT WITH FUTURE PURCHASERS (hereinafter sometimes called ("Declaration"), made and published this 29 day of May, 1972, by BAY LAKES CORPORATION (hereinafter sometimes called "Corporation''), a North Carolina corporation with its principal office in Clinton, North Carolina;

WITNESSETH:

That whereas the Corporation is the owner of a subdivision in Bladen County, North Carolina, known as BAY TREE LAKES (Phase 1), a plat or plats of which subdivision (Phase I) is shown and delineated by a survey prepared by Robert J. Salmon, Jr., Registered Surveyor, which plat or plats are dated May 27, 1972, and are recorded in the office of the Register of

Deeds of Bladen County, North Carolina, in Plat Book 10, at Page or Pages 30,31 and 32; And whereas, BAY TREE LAKES is being developed as a resort community and is expected to ultimately include such recreational facilities as a golf course and clubhouse complex, parks, playgrounds, green belts, walkways, waterways and other recreational and common facilities for the benefit of the residents of said community;

And whereas, it is to the benefit and advantage and in the best interest of the Corporation and each and every person who shall hereafter purchase and acquire any lot or housing unit in said resort community that certain protective covenants and restrictions, easements, assessments and liens, governing and regulating the use and occupancy of same be established, fixed, and set forth and declared to be covenants running with the land; and

Whereas, the Corporation desires to provide for the preservation of the value and amenities in said resort community and for the continued maintenance and operation of such recreational and common Facilities;

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NOW, THEREFORE, in consideration of the premises, the Corporation covenants and agrees with any and all persons, firms, and other corporations hereafter acquiring any of the property hereinafter described, that the same shall be and is hereby subject to the following restrictions, easements, liens, conditions and covenants (hereinafter collectively referred to as "Restrictions") relating to the use and occupancy thereof, said restrictions to be construed as restrictive covenants running with the land comprising the lots hereinafter described and which shall inure to the benefit of and be binding upon the heirs, successors and assigns of the Corporation and all other acquiring Parties and persons.

The Corporation hereby declares that such other real property as may later be subject to this Declaration pursuant to the provisions hereof, from and after the filing of record of a supplementary declaration as described in Part II, shall be held, transferred, sold, conveyed, used, and occupied subject to the provisions of this Declaration which are specified in such supplementary declaration.

Every person or other party hereafter, acquiring any of the within described property made subject to this Declaration, by acceptance of a deed or contract for deed or other conveyance of any interest in or to said property, whether or not it shall be

so expressed in any such deed, contract for deed or other conveyance, regardless of whether the same shall be signed by such person and whether or not such person shall otherwise consent in writing, shall take such property interest subject to this Declaration and to the terms and conditions hereof and shall be deemed to have assented to same.

The property which is made subject to this Declaration is more particularly described as follows:

All of the Lots No. 1 through No. 136 of Phase I of BAY TREE LAKES SUBDIVISION as shown on a boundary survey prepared by Robert J. Salmon, Jr., Registered Surveyor, dated May 27, 1972, which said survey is recorded in Plat Book 10 at Page or Pages 30, 31 and 32, in the office of the Register of Deeds of Bladen County, North Carolina.

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Only the lots referred to above are made subject to this Declaration; provided, however, the Corporation reserves the right to subject other real property to the restrictions set forth herein, as provided in Part II below.

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PART I
BAY TREE LAKES - RESTRICTIONS

1. No building, fence or other structure, including, but not limited to area lights, shall be rerected, placed or altered on any lot which is subject to this Declaration until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), and construction schedule shall have been approved in writing by the Corporation, its successors and assigns, Refusal of approval of plans, location or specifications may be based by the Corporation upon any ground, including purely aesthetic conditions, which in the sole and uncontrolled discretion of the Corporation shall seem sufficient. No alteration in the exterior appearance of any building or structure shall be made without like approval by the Corporation. Two (2) copies of all proposed building plans and related data shall be submitted to the Corporation. After approval one (1) copy of all such plans

shall be returned to the lot owner and the other shall be retained by the Corporation for its records.

2. No plans will be approved unless the proposed house will have the minimum required square footage of enclosed dwelling area. Such minimum requirements for each lot will normally be specified in each sales contract, and expressly stipulated in each deed. The term "enclosed dwelling area" as used in these minimum size requirements shall mean the total enclosed area within a dwelling; provided, however, that such term does not include garages, boat sheds, terraces, decks, open porches, and the like areas; provided further, that shedtype porches, even though attached to the house, are specifically excluded from the definition of the aforesaid term "enclosed dwelling area". The term does include, however, screen porches, if the roof of such dwelling forms an integral part of the roof line of the main dwelling or if they arc on the ground floor of a two-story structure. In no event will a minimum square footage of enclosed dwelling area expressly stipulated in each deed be less than One thousand two hundred (1,200) square feet; provided, however, the Corporation reserves the right to waive said minimum size requirement in the event it is of the opinion that the design and character of the proposed dwelling is so unique and desirable as to warrant such waiver.

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3. Since the establishment of standard inflexible building set back, lines for location of houses on lots tends to force construction of houses both directly behind and directly to the side of other homes with detrimental effects on privacy, preservation of important trees, etc., no specific set back lines are established by these covenants. In order to assure, however, that location of houses will be staggered where practical and appropriate, so that the maximum amount of view will be available to each house; that the structure will be located with regard to the topography of each lot, taking into consideration the elevation contours of the lot, the location of large trees and similar considerations, the Corporation reserves unto itself, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any house or dwelling or other structure upon all lots which are subject to these restrictions. However, such location shall be determined only after a reasonable opportunity is afforded the lot owner to recommend a specific site, Further, in the event an agreed location is stipulated in writing simultaneously with the

conveyance of the lot by the Corporation, the Corporation shall automatically approve the location so stipulated.

4. The exterior of all houses and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities.

5. All lots subject to these restrictions shall be used for residential purposes exclusively. No structure, except as hereinafter provided shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single family dwelling not to exceed two (2) stores in height and one (1) small one-story accessory building which may include a detached private garage and/or servant's quarters, provided the use of such dwelling or accessory building does not, in the Corporation's opinion, overcrowd the site. Such accessory building may not be constructed prior to the construction of the main building. The foregoing provision to the contrary notwithstanding, three (3) story dwellings may be permitted at the sole

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discretion of the Corporation in those instances where substantially all of the lowest level of such dwelling is subterranean.

6. A Guest suite or a like facility may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises, including the main dwelling, and provided, however, that such guest suite would not, in the Corporation's opinion, result in overcrowding the site.

7. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area.

8. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort the normal activity or existence which is in any way noxious, dangerous, unsightly,

unpleasant or is of a nature which may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof, In this connection no animals, livestock or poultry of any kind shall be raised, bred, pastured or maintained on any lot, except household pets which may be kept thereon in reasonable numbers as pets for the sole pleasure and purpose of the occupants but not for any commercial use of purpose, Birds shall be confined to cages,

9. In order to implement effective insect and woods fire control, the Corporation reserves for itself and its agents the right to enter upon any residential lot on which a residence has not been constructed and upon which no landscaping plan has been implemented (with prior written approval of the Corporation for such plan), such entry to be made (at the expense of owner of the lot) by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, or other unsightly growth, which in the opinion of the Corporation detracts from the overall beauty, setting and safety of BAY TREE LAKES. Such entrance for the purpose of mowing, cutting, clearing or pruning

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shall not be deemed a trespass. The Corporation and its agents may likewise enter upon such land to remove any trash which has collected! on such lot without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of the Corporation to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

10 . In the event the owner desires to sell a residential site within BAY TREE LAKES together with its improvements, if any, then said property shall be offered for sale to the Corporation at the same price at which the highest bona fide offer has been made for the property, and the said Corporation shall have thirty (30) days within which to exercise its option to purchase said property at this price; and should the Corporation fail or refuse, within thirty (30) days after receipt of written notice of the price and terms, to exercise its option to purchase said property at the offered price, then the owner of said property shall have the right to sell said property subject, however, to all covenants and limitations herein contained, at a price not lower than that at which it was offered to the Corporation.

11. No commercial signs, including "for rent", "for sale", and other similar signs, shall be erected or maintained on any lot except with the written permission of the Corporation or except as may be required by legal proceedings. Provided, however, such permission will not be unreasonably withheld. Size, shape, color and design of such signs shall be subject to written approval by the Corporation.

12. Each lot owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said lot in accordance with reasonable standards established by the Corporation.

13. Each lot owner shall provide receptacles for garbage in a screened area not generally visible from the road or adjacent lot, or provide underground garbage receptacles or similar facility in accordance with reasonable standards established by the Corporation.

14. Prior to the occupancy of a residence on any lot, proper, and suitable provision shall be made for the disposal of sewage by

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connection with the sewer mains located in the vicinity of such lot, or if no such main has been constructed in the vicinity of such lot, then such disposal shall be made by means of a septic tank or tanks, constructed on such lot for the disposal of all sewage, and all sewage shall be emptied or discharged into such main or tanks. No sewage shall be emptied or discharged into BAY TREE LAKE, any waterway, stream, ditch, or shorelines thereof. No sewage disposal system shall be permitted on any lot nor may any sewage system be used unless such system is designed, located, constructed and maintained in accordance with the requirements, standards, and recommendations of the appropriate public health authority. Approval of such system shall be obtained from such authority after the completion of said system and prior to the use of the system. Septic tank installation will not be allowed on any residential lot following the installation of a sewer main to a boundary line of such lot. The sewage facilities of such lot must be connected to the sewage main within thirty (30) days following the date of its availability.

15. The Corporation reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over, and under the ground to erect, maintain and use electric and telephone poles, wires, cables,

conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water and other public conveniences or utilities on, in or over the street side ten (10) feet of each lot and ten (10) feet along one side (the Corporation's choice) of each lot and such other areas as are shown on the applicable plat; provided, further that the Corporation may cut drainways for surface water wherever and whenever such action may appear to the Corporation to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Corporation further reserves the right to locate wells, pumping stations, and tanks within the residential areas on any walkways, or residential lot

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designated for such use on the applicable plat of a residential subdivision or to locate same upon any lot with the permission of the owner of such lot. Such rights may be exercised by any licensee of the Corporation, but this reservation shall not be considered an obligation of the Corporation to provide or maintain any such utility or service.

16. No structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling house, it being clearly understood that those latter temporary shelters may not, at any time, be used as residences or permitted to remain on the lot after completion of construction. No lumber, brick, stone, cinder block, concrete or other building materials, scaffolding, mechanical devices or any other thing used for building purposes shall be stored on any lot except for the purpose of construction on such lot and shall not be stored on such lot for longer than the length of time reasonably necessary for the construction of the improvements in which same is to be used.

17. No house trailer, camper, mobile home, tent, tool shed, or any other such temporary article or building shall be permitted on any lot, provided, however, temporary buildings and the like shall be permitted during the construction period of houses or as a temporary real estate sales office of Corporation for the sale of lots. No garage, outbuilding or other

appurtenant structure shall be used for residential purposes either temporarily or permanently.

18. No fuel tanks or similar storage receptacles may be exposed to view, and may be installed only within the main dwelling house, within the accessory building, within the screened area required in Paragraph 19 herein, or buried underground.

19. Each lot owner must construct a fence or plant a hedge which shields and hides from view a small service yard. Plans for such fence or hedge delineating the size, design, texture, appearance and location must be approved by the Corporation prior to construction.

20. No private water wells may be drilled or maintained on any residential lot so long as there is such a water distribution line planned or existing within fifty (50) feet of such lot with an average daily water pressure in such line adequate for normal household use

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in dwellings served by such distribution line; provided, further, that such water distribution line must be completed within five (5) days from the date of completion of the residence or a private well may be drilled by the lot owner. At such time as water distribution lines are installed within fifty (50) feet of a lot on which the owner has drilled a private well, or within thirty (30) days thereafter, the use of such well must be discontinued and the distribution line used in place thereof.

21. No trees measuring six (6) inches or more in diameter at ground level may be removed without the written approval of the Corporation, unless located within ten (10) feet of the main dwelling or accessory building, or within ten (10) feet of the approved site for such building.

22. No single lot may be subdivided so as to create two or more building lots from the original lot.

23. Lot boundaries may be altered by Corporation, or by any lot owner upon receipt of written permission from Corporation, by adding all or a portion of an adjacent lot to the enlarged lot, provided that such action does not result in either the reduction of any adjacent lot remaining as a homesite to an average width of less than eighty (80) feet or to less than eighty (80) feet frontage on BAY TREE LAKE.

Waterway lots and non-waterfront lots remaining as homesites shall not be reduced to an average width of less than

eighty (80) feet. In the event a lot shape is so altered, all utility, walkway and other easements and reserved rights of the Corporation running along the original boundaries of the lots shall remain in affect unless waived by a signed waiver recorded with the same formalities as a deed, and, in addition, there shall be reserved to the Corporation, unless waived by recorded signed agreement, new utility and walkway and other easements along the new lot lines comparable to those of the original boundaries.

24. The Corporation expressly reserves to itself, its agents, or assigns, any other provision in this Declaration, notwithstanding, the right to build any bridges, walkways, or fixed spans across any or all natural or man-made waterways, creeks or lakes in BAY TREE LAKES. Nothing in this paragraph shall be construed as placing an affirmative obligation on the Corporation to provide or construct any bridge, walkway or fixed span, unless such bridge, walkway or fixed span shall be shown and specifically designed on the recorded plat of the

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subdivision or section of lots referred to and incorporated in the deed of conveyance to the lot owner asserting such affirmative obligation.

25. No boathouses, docks, piers, wharves or bridges shall be constructed from any lot into any body of water without the prior written approval of the Corporation. The Corporation's approval will not be given unless the design and specifications for such structures are structurally and aesthetically compatible and in harmony with other existing and approved buildings and structures within BAY TREE LAKES. In no event will consent be given for the construction of pier, which would, if built, extend into BAY TREE LAKE to a point where the water, measured from the high water mark, is more than three (3) and 1/2 feet in depth. Such approval by the Corporation for the construction and placement of such structures shall not obviate the necessity of a property owner obtaining approval by appropriate North Carolina State Agencies having jurisdiction over any such body of water.

26. No lot owner or any other person in his behalf shall grade or fill his lot so as to materially affect the surface grade or drainage pattern of adjacent lots. The owners of all filled lots (above natural elevation) shall prevent surface water from flowing from said lots into BAY TREE LAKE or into the waterway adjacent to his lot. It is the responsibility

of each lot owner to maintain a berm along the entire boundary of his lot with BAY TREE LAKE or with a waterway at least ten (10) feet wide and six (6) inches higher than any other portion of his lot. No part of said berm shall be situate more than thirty (30) feet from the lake or waterway boundary of said lot. It shall be the duty of the owner of each such filled lot to direct water from his lot to the street which said lot abuts.

27. All governmental building codes, health regulations zoning restrictions and the like, applicable to the property now or hereafter made subject to this Declaration shall be observed. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration the more restrictive provisions shall apply.

28. No boat shall be launched into BAY TREE LAKE or into any waterway from any lot unless such boat can be physically carried

by not more than two grown men of average stature. All other boats shall be launched into BAY TREE LAKE and waterways at places provided for such launching by BAY TREE LAKES PROPERTY OWNERS ASSOCIATION or BAY LAKES CORPORATION.

29. All lots, together with the exterior of all improvements located thereon, shall be maintained in a neat and attractive condition by their respective owners. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing and caring for roofs, gutters, downspouts, building surfaces, trees, shrubs, walks and other exterior improvements. Upon the failure or refusal of any property owner to maintain his lot and the exterior of all improvements thereon in a neat and attractive condition, the Corporation may, after ten (10) days notice to such owner, enter upon such lot and perform such exterior maintenance as the Corporation, in the exercise of its sole discretion, may deem necessary or advisable. Such property owner shall be personally liable to the Corporation for the costs of such maintenance and the liability for such costs shall be a permanent charge and lien upon such lot enforceable by the Corporation by an appropriate proceeding in law or in equity. Although notice given as herein provided shall be sufficient to give the Corporation the right to enter upon such lot and perform such maintenance, entry for such purpose shall be only between the hours of 7:00 A. M. and 6:00 P. M. on any day

except Sunday, Such entry as herein provided shall not be a trespass, nor shall the Corporation be liable for doing anything reasonably necessary or appropriate in connection with carrying out the provisions herein.

30. In order to provide a permanent fund for the improvement, maintenance, and operation of the common properties (roadways, walkways, waterways, and other areas designated by the Corporation) including, but not limited to, the payment of taxes and insurance thereon, the repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof, and generally to provide a fund for other services important to the development and preservation of the BAY TREE LAKES community, each owner of a lot subject to these restrictions shall be a member of and pay the dues and assessments of the BAY TREE LAKES PROPERTY OWNERS ASSOCIATION. Said Association has been organized for the purposes set out immediately above and each lot owner's membership therein shall become immediately

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effective at the time he received title to a lot within BAY TREE LAKES. At its inception BAY TREE LAKES PROPERTY OWNERS ASSOCIATION will not have sufficient funds with which to provide the maintenance and service hereinabove described. The Corporation reserves the right to supplement the Association's funds or to directly provide such maintenance and services; but this reservation shall not be considered an obligation of the Corporation to provide funds or maintenance and services to or on behalf of the Association.

Each owner of a lot subject to these restrictions, by the acceptance of a deed conveying such lot, whether by the Corporation or some other owner, contracts and agrees with the Corporation and with the owners of all other lots subject to these restrictions that he will be a member of and pay the dues and assessments of the BAY TREE LAKES PROPERTY OWNERS ASSOCIATION, and that he will abide by the provisions of the charter and by-laws of that Association and by the rules and regulations set out in a Declaration by BAY LAKES CORPORATION recorded in Book 193, Page 215 of the Bladen County Registry, which said Declaration is by reference made a part hereof as if fully set out herein.

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PART II

OTHER PROPERTY

1. Without further assent or permit, the Corporation, for itself, its successors and assigns, hereby reserves the right, exercisable from time to time to extend the scheme of this Declaration to other property developed as a part of or in conjunction with the development of BAY TREE LAKES by filing in the office of the Register of Deeds of Bladen County, North Carolina, a supplementary Declaration in respect to the other property to be then subject to this Declaration.

2. Any such supplementary declaration to this Declaration, or any such other declaration (including any supplementary declaration thereto) may set forth or by reference provide for the same covenants and restrictions set forth in this Declaration; provided, however, any such supplementary declaration to this Declaration, or any such other declaration (including any supplementary declaration thereto) may contain such modifications of the covenants and restrictions set forth in this Declaration and such additional provisions as the Corporation may deem necessary or desirable; provided further, no such supplementary declaration shall revoke, modify or add to the covenants and restrictions hereby made applicable to the lots hereinabove described.

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PART III

GENERAL PROVISIONS

1. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them, specifically, including but not limited to, the successors and assigns, if any, of the Corporation, for a period of twenty-five (25) years from the execution date of this Declaration after which time, all said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by two-thirds (2/3) of the then lot owners of record has been recorded, agreeing to change said covenants in whole or in part.

2. The covenants and restrictions of this Declaration may be amended at any time and from time to time during the period or any extension or renewal thereof, by an agreement signed (a) by Corporation, (or its successors), if it is the owner of any lots within BAY TREE LAKES, and (b) by at least three-fourths (3/4) of the owners of lots then subject to these covenants and restrictions, and (c) by the then owner of the common properties within BAY TREE LAKES. Any such amendment shall not become effective until the instrument evidencing such change has been filed for record in the Office of the Register of Deeds of Bladen County, North Carolina. Every purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration by acceptance of a deed or other conveyance therefore, thereby agrees that the covenants and restrictions of this Declaration may be amended as provided herein.

3. If any person, firm or corporation shall violate or attempt to violate any of these restrictions, it shall be lawful for the Corporation and any other person, firm or other corporation owning any property subject to those restrictions to prosecute the violating party at law or in equity for any claim which these restrictions may create in such other owner or interested party either to prevent said person, firm or corporation from so doing such acts or to recover damages or other dues for such violation. In addition to the foregoing, the Corporation, it's successors and assigns shall have the right, whenever there shall have been built on any lots in the subdivision and structure

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which is in violation of these restrictions, to enter upon such property where such violation exists, and summarily abate or remove the same at the expense of the owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. Any failure by the Corporation or any property owner to enforce any of said covenants and restrictions or other provisions shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of any one or more of these restrictions by judgment or court order shall in no way affect any of the other provisions not expressly held to be void, and all such remaining provisions shall remain in full force and affect.

4. Corporation shall at all times and from time to time have the right to delegate any and all functions herein reserved to Corporation. Further notwithstanding any other provisions contained herein to the contrary, Corporation shall have the right at all times and from time to time to fully transfer, convey and assign all or any part of its right, title and interest (whether real or personal) in and to common properties to BAY TREE LAKES PROPERTY OWNERS ASSOCIATION; provided, however, that the transferee, grantee or assignee shall take such title and rights subject to all obligations of the Corporation herein set out in respect thereto, and the transferee, grantee or assignee shall be deemed to have assumed the same.

5. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any, provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid by judgment or court order, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

6. Nothing herein shall be construed to require the Corporation or any lot owners to take any positive action to enforce the covenants and restrictions hereinabove set out.

7. The covenants, agreements and rights set forth herein shall be binding upon and enure to the benefit of the respective heirs, executors, successors and assigns of the Corporation and all persons claiming by, through or under Corporation.

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PART IV

TITLE TO STREETS, WATERWAYS, AND OTHER SPECIFIC PROPERTY

BAY LAKES CORPORATION, its successors and assigns, hereby retains the right and title to, control and disposition of, all streets, rights-of-way, waterways, lakes and undeveloped land, if any, within the property which is made subject to this Declaration, and within other real properties subjected to this Declaration, in accordance with the provisions of Part II hereof, and shall have the right to change, alter, or close up any such streets, rights-of-way and waterways not adjacent to a lot previously conveyed by it,

subject only to the rights of the owner or owners of any such lots, their heirs and assigns, for the purposes of egress and ingress necessary to the full enjoyment of the property owned by them.

INTESTIMONY WHEREOF, BAY LAKES CORPORATION has caused this instrument to be signed in its name by its President, and attested by its Secretary, and sealed with its common corporate seal, this 29 day of May, 1972.

BAY LAKES CORPORATION

By: _____

D. Stephen Jones, President

Glenda R. Blanton, Secretary

NORTH CAROLINA
SAMPSON COUNTY

I, _____ a Notary Public of said county and state, do hereby certify that Glenda R. Blanton personally came before me this day and acknowledged that she is the Secretary of BAY LAKES CORPORATION, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by D. Stephen Jones, its President, sealed with its corporate seal, and attested by herself as it's Secretary.

Witness my hand and seal, this 29th day of May, 1972.

Notary Public

My commission expires:

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NORTH CAROLINA

BLADEN COUNTY

The foregoing certificate of Judith Ann Cooper is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of Bladen County, North Carolina, in Book 193, Page 197

This 30th day of May, 1972, at 4:30 o'clock p.m.

BLADEN COUNTY REGISTER OF DEEDS

By: Kathleen U. Hester
Deputy Reg. Of Deeds

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NORTH CAROLINA
BLADEN COUNTY

DECLARATION OF COVENANTS AND
RESTRICTIONS
FOR BAY TREE LAKES, BLADEN COUNTY,
NORTH CAROLINA, AND RULES AND
REGULATIONS
(BY-LAWS) FOR BAY TREE LAKES PROPERTY
OWNERS ASSOCIATION

THIS DECLARATION OF COVENANTS AND RESTRICTIONS AND
RULES AND REGULATIONS (BY-LAWS) FOR BAY TREE LAKES PROPERTY
OWNERS ASSOCIATION (hereinafter sometimes called "Declaration"),
made and published this

29 day of May, 1972, by BAY LAKES CORPORATION (hereinafter
sometimes called "Corporation"), a North Carolina corporation
with its principal office in Clinton, North Carolina;

WITNESSETH:

Whereas, Corporation is the owner of real property
described in Article II of this Declaration and desires to
create thereon a planned resort community known as BAY TREE
LAKES which is expected to ultimately include such recreational
facilities as a golf course and clubhouse complex, parks,
playgrounds, green belts, walkways, waterways, and other
recreational and common facilities for the benefit of the
residents of said community, and

Whereas, the Corporation desires to provide for the
preservation of the values and amenities of said community and
for the control, operation and maintenance of all common
properties within said community; and, to that end, desires to
subject the real properties described in Article II, together
with such additions thereto as may hereafter be made, as
provided in Article II, to the covenants, restrictions, ease-
ments, affirmative obligations, charges and liens and rules and
regulations hereinafter set forth, each and all of which are
hereby declared to be for the benefit of said community and

common properties and each and every owner of any and all parts thereof; and

Whereas, the Corporation deems it desirable, for the efficient preservation of the values and amenities in said community, to create an agency to which could be delegated and assigned the power and authority of operating, controlling, maintaining and administering the common properties, and services incident thereto, and administering and enforcing the covenants and restrictions governing the same and collecting and disbursing all assessments and charges necessary for

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such operation, control, maintenance, administration and enforcement under the provisions of this Declaration; and whereas, the Corporation has caused to be incorporated under the laws of the State of North Carolina, as a non-profit corporation, BAY TREE LAKES PROPERTY OWNERS ASSOCIATION, for the purpose of exercising the aforesaid functions, under the provisions of the covenants and rules and regulations hereinafter set out.

NOW, THEREFORE, the Corporation declares that the real properties described in Article II of this Declaration and such additions thereto as may hereafter be made pursuant to said Article II, is and shall be held, transferred, sold, conveyed, leased, occupied, and used, subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens, hereinafter set forth.

EXHIBIT "A"

The real properties referred to in Article II of this Declaration are more particularly described as follows:

Lying and being in Lake Creek Township, Bladen County, North Carolina, containing 230.37 acres, more or less, and being the same lands shown on a map prepared by Robert J. Salmon, Jr. Registered Land Surveyor, under date of February 27, 1971, bearing the legend "MAP OF A PORTION OF BAY LAKES CORPORATION LAND, LAKE CREEK TOWNSHIP, BLADEN COUNTY, N. C." recorded in Map Book 9, Page 122, of the Bladen County Registry on 22 March, 1971; and being the same land described in a Deed of Release from Worth H. Hester, Trustee, to Bay Lakes Corporation, dated 25 March, 1971, and recorded in Book 187, Page 342, of the

Bladen County Registry; and being a part of the land described in a deed from Robert C. Lederfeind, Jr. at als to D. Stephen Jones, dated March 11, 1966, and recorded in Book 187, at Page 334; and being a part of the land described in a deed from D. Stephen Jones et ux to Bay Lakes Corporation, dated 25 March, 1971, and recorded in Book 187, Page 338, of the Bladen County Registry. Said map and said deeds and the references therein set out are by this reference incorporated herein and made a part hereof.

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ARTICLE I

DEFINITIONS:

Section 1. The following words and terms, when used in this Declaration, or any Supplementary Declaration (unless the context clearly shall indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to BAY TREE LAKES PROPERTY OWNERS ASSOCIATION, a North Carolina non-profit corporation.

(b) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions thereto as are subjected to this Declaration or any Supplementary Declaration under the provisions of Article II hereof.

(c) "Common Properties" shall mean and refer to those areas of land with any improvements thereon which are deeded to the Association and designated in said deed as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the owners, subject to the fee schedules and operating rules adopted by the Association.

(d) "Lot" shall mean and refer to any improved or unimproved parcel of land intended for the construction of a detached single family dwelling shown upon any recorded final subdivision map of any part of the Properties with the exception of Common Properties as heretofore defined in paragraph (c) above.

(e) "Type 'A' Family Unit" shall mean and refer to any portion of any building subject to individual ownership separate from remaining portions of such building where such

ownership extends vertically from the ground floor through the top floor of such building. "Type 'A' Family Unit" shall include but shall not be limited to "Garden Type" Condominium Units and Townhouses.

(f) "Type 'B' Family Unit" shall mean and refer to any portion of any building subject to individual ownership separate from remaining portions of such buildings where such ownership does not extend vertically from the ground floor through the top floor of such building. "Type 'B' Family Unit" shall include, but shall not be limited to, family units within a high-rise or multi-story building which constitutes or composes a part of a horizontal property regime.

(g) "Owner" shall mean and refer to the record owner, whether one or more persons, firms, corporations, associations, or other legal entities, of the fee simple title to any lot, Type 'A' Family Unit or Type 'B' Family Unit situated upon the Properties but, notwithstanding any applicable theory of a mortgage or dead of trust, shall not mean or refer to those persons or corporations, or other legal entities who have an interest in a lot, or Type 'A' Family Unit, or Type 'B' Family Unit, merely as security for the performance of an obligation, nor shall the term "owner" mean or refer to any lessee or tenant of an owner.

(h) "Member" shall mean and refer to all those owners who are members of the Association as provided in Section I of Article III hereof.

(i) "Corporation" shall mean BAY LAKES CORPORATION and its successors and assigns.

ARTICLE II

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located at or adjacent to BAY TREE LAKE, Bladen County, North Carolina, and is more particularly described in Exhibit A hereto attached and by reference incorporated herein. All of the real property described in Exhibit A shall hereinafter be referred to as "Existing Property". The Corporation intends to develop the Existing

Property in accordance with a Master Plan; however, the Corporation reserves the right to review and modify the

Master Plan from time to time based on its continuing research and design program.

Subject to the right to modify the Master Plan, as herein stated the Corporation will convey to the Association as provided in Article IV, Section 3, all roadways and waterways within the existing property shown on Exhibit A, and additions thereto made under the provisions of Article II, Section 2. The Corporation will also convey to the Association such other property within the existing property as it may from time to time deem appropriate, all in accordance with provisions of Article IV, Section 3.

It is also understood that the Corporation shall be free to develop such portions or sections of the lands depicted in the Master Plan, as, in the reasonable exercise of its discretion, without regard to the relative location of such portions or sections within the overall plan; that it shall not be required to follow any predetermined sequence or order of improvements and development; and that it may bring within the plan of these covenants additional lands, and develop the same before completing the development of the existing property.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Corporation, its successors, assigns shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional properties in future stages of the development. Such additional property shall for all purposes be "Existing Properties".

The additions authorized under this and the succeeding subsection shall be made by filing of record of Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions to and modifications of the covenants and restrictions contained in this Declaration as may be deemed necessary or desirable by the Corporation. Such Supplementary Declaration shall apply only to the additional property simultaneously brought within the plan and operation of this Declaration.

(b) Other Additions. Upon approval in writing of the Association pursuant to three-fourths of the vote of those present in person or by proxy at a duly called meeting, at which

a quorum is present, the owner of any property other than the Corporation who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration of such additional property.

The Supplementary Declaration may contain such complementary additions to and modifications of the covenants and restrictions contained in this Declaration as may be deemed necessary or desirable by the Corporation. Such Supplementary Declaration shall apply only to the additional properties simultaneously brought within the plan and operation of this Declaration.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, its properties, rights and obligations may be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights and obligations of another association may be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property, together with the covenants and restrictions established upon any other properties, as one plan. No such merger or consolidation, however, shall effect any revocation, change or addition to the Covenants established by this Declaration or any supplementary declaration.

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ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION:

Section 1. Membership. The Corporation and every person or entity who is record owner of a fee simple or undivided fee simple interest in any lot, Type 'A' Family unit or Type 'B' Family unit which is subject by the Covenants to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association. Notwithstanding any other provisions of this Declaration, the Corporation may renounce its

membership in the Association, and after the date of such renunciation shall forfeit its benefits from and obligations to the Association.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

CLASS "A" - Class A members shall be all those owners as defined in Section 1 of this Article III with the exception of the Corporation. Class A members shall be entitled to the following votes for each lot, Type 'A' Family Unit and Type 'B' Family Unit in which they hold the interest required for membership by Section 1:

- (a) Lot - One (1) vote
- (b) Type 'A' Family Unit - One (1) vote
- (c) Type 'B' Family Unit - One (1) vote

When more than one person holds such interest or interests in any lot, Type 'A' Family Unit or Type 'B' Family Unit all such persons shall be members, and the vote for such lot, Type 'A' Family Unit or Type 'B' Family Unit shall be exercised as they among themselves determine. A member casting a vote representing a Type 'A' Family Unit or Type 'B' Family Unit owned by such member shall not be entitled to cast an additional vote for the lot upon which said Type 'A' Family Unit or Type 'B' Family Unit is situated. In the event a single Type 'A' Family Unit is sold in fee with a lot, the vote with respect thereto shall thereafter be cast on the basis of the Type 'A' Family Unit only. When one or more co-owners sign a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in writing delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, the vote shall be split equally among the co-owners.

CLASS "B" - The Class B member shall be the Corporation, its successors and assigns, the Class B member shall be entitled to one vote plus one vote for each vote held by a Class A member. One vote of the Class A membership shall be equivalent to one vote of the Class B membership. The total vote of the Association shall consist of the sum of the votes of Class A members and of the votes of the Class B member. The Corporation may delegate, perpetually or for a limited period, to another corporation or to one or more individuals, the voting rights granted it under the provisions of this Article III, Section 2.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Member's Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations and by-laws of the Association, every member and every tenant of a Class "A" member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every lot, Type 'A' Family Unit or Type 'B' Family Unit

Section 2. Tenant's Easements of Enjoyment. Every tenant of the Corporation or of successor or assign of the Corporation which

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offers apartment space for rent on the Properties shall have the privilege to use and enjoy the Common Properties. Such tenants shall have the irrevocable right and easement to use the roads which are within BAY TREE LAKES subject to the rules and regulations and by-laws of the Association.

The privilege granted above to use and enjoy a Common Property (but not the right and easement to use the roads in BAY TREE LAKES) may be denied to or withdrawn from individual tenants by three-fourths (3/4) vote of those present in person or by proxy at a meeting of the Association, at which a quorum is present, called for the purpose of voting on such denial or withdrawal.

Section 3. Title to Common Properties. The Corporation may retain the legal Title to the Common Properties, including roadways and waterways, until such time as it has sold all its undeveloped lands which comprise a part of the Existing Properties as described in Article II hereof, and any additions thereto. The Corporation may, however, at any time convey all or any part of the Common Properties to the Association. While legal title to such Common Properties is held by the Corporation it shall have the right to borrow money for any of its corporate uses or for the purpose of improving the Common Properties and in aid of any such purposes to mortgage said properties without the consent or joinder of the Association. Said Common Properties may be conveyed to the Association subject to all restrictive covenants and encumbrances of record.

Section 4. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Corporation to borrow money for any of its corporate uses or for the purpose of improving the

common properties, and in aid thereof to mortgage said properties without the consent or joinder of the Association.

(b) The right of the Association, in accordance with its by-laws and rules and regulations, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties.

(c) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosures; and

(d) The right of the Association to suspend the enjoyment of rights of any member or any tenant of any member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of the Association's by-laws and rules and regulations, and such other rules and regulations as from time to time may be promulgated by the Association's Board of Directors, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment; and

(e) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and/or facilities therein; and

(f) The right of the Corporation to reserve unto itself or to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties; and

(g) The right of the Association to give or sell all of any part of the Common Properties including leasehold interest to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed to by the members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedications, transfer and determination as to purpose and condition shall be authorized by the vote of three-fourths (3/4) of the vote of those present in person or by proxy at a duly called meeting, at which a quorum is present, and

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unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the

Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties, prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the membership.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each owner of any lot, Type 'A' Family Unit or Type 'B' Family Unit (except as otherwise provided in Section II below), by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of these covenants and to pay to the Association: (1) Annual Assessments or charges; (2) Special Assessments for the purposes set forth in Section 4 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. In the case of co-ownership of a lot, Type 'A' Family Unit or Type 'B' Family Unit, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association (whether or not the Common Property is then owned by the Association) shall be used exclusively for the improvement, maintenance and operation of the Common Properties, including, but not, limited to, the payment of taxes and insurance thereon, the repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof, and generally to provide a fund for other services important to the development and preservation of the BAY TREE LAKES community.

The Special Assessments shall be used for the purposes set forth in Section 4 of this Article.

Section 3. Basis and Maximum Annual Assessments. The annual assessments shall not more than Ten Dollars (\$10.00) per month for each lot, Type 'A' Family Unit and Type 'B' Family Unit unless a higher annual assessment is approved by three-fourths (3/4) of the vote of those present in person or by

proxy at the annual meeting or at a special meeting at which a quorum is present. The owner of one or more Type 'A' Family Units or Type 'B' Family Units who also owns the lot upon which said one or more Type 'A' Family Units or Type 'B' Family Units are located shall pay one assessment for each Unit but shall not be assessed for the lot upon which the Units are located. Notwithstanding any other provisions of this paragraph, the Board of Directors may increase the annual assessment each year by five (5) percent of the maximum, authorized assessment for the preceding year unless three-fourths (3/4) of the vote of those present in person or by proxy at the annual meeting at which a quorum is present votes against said increase or votes to increase said annual assessment by a greater amount or to decrease the annual assessment.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full assessment for the remaining year or years of the then current period fixed as provided in the preceding paragraph.

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Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto or addition to the Common Properties, provided that any such assessment shall have the assent of three-fourths (3/4) of the vote of those present in person or by proxy at a duly called meeting at which a quorum is present, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under Article II, Section 2 hereof, and under the by-laws of the Association.

Section 6. Quorum for any action authorized. The presence at the meeting of members or of proxies, entitled to cast sixty (60) percent of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at a meeting called in accordance with requirements set forth in Section 4 of this Article, the meeting shall be adjourned and without further notice automatically reconvene at the same time and place exactly two weeks hence. At such reconvened meeting fifty (50) percent of the total vote of the membership, present in person or by proxy, shall constitute a quorum.

Section 7. Date of Commencement of Annual Assessments.
Due Date.
The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessments shall be made for the balance of the calendar year and shall be payable monthly on the first day of each month commencing on the first day of the month fixed for commencement. The assessments for any year after the first year, shall similarly be payable monthly commencing on the first day of January of said year.

The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof, as the remaining number of months in the year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Assessment Date Fixed By Board of Directors.
The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against such lot, Type 'A' Family Unit or Type 'B' Family Unit for each assessment period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner.

Written notice of the assessment shall thereupon be sent to every owner subject thereto.

The Association shall upon demand at any time furnish to any owner Liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

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Section 9. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner, the lien; Remedies of the Association. If the assessment or any monthly instrument (s) thereof are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with interest thereon at the rate of twelve (12) percent per annum from the due date, and cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land against which such assessment is made, whether in the hands of the then Owner, his or its heirs, assigns or successors. Said lien shall be deemed a lien under the provisions of Chapter 44A, Article 2 of the North Carolina General Statutes and shall be perfected in accordance with the provisions thereof. The personal obligation of the Owner at the time of the assessment to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment of any monthly installment thereof is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgement shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 10. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or deed of trust now or hereafter placed upon the properties subject to the assessment; provided, however, that such subordination shall not apply to any mortgage or deed of trust placed upon the property subject to the assessment after the assessment has been reduced to judgment in

a court of competent jurisdiction or after the filing of a lien under Chapter 44A of the North Carolina General Statutes as provided in Section 9 of Article V of this Declaration.

Section 11. Exempt Property. Notwithstanding any other provisions of this Declaration the following property, individuals, partnerships, or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyance made for the purpose of granting utility easements;
- (b) All Common Properties as defined in Article I, Section 1, hereof;
- (c) All properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of Such legal exemptions;
- (d) All property owned by the Corporation, including, but not limited to, lots, Type 'A' Family Units and Type 'B' Family Units; however the Corporation reserves the right to subject any of its property to the assessments hereinabove provided for.

ARTICLE VI

ARCHITECTURAL CONTROL:

Section 1. Review and Approval of Landscaping Specifications for Additions, Alterations or Changes to Structures. No building, walls, fence, swimming pool, or other structure shall be commenced, erected, or maintained upon the Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any such existing structure or change or alteration therein, be made until such plans and specifications therefor showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by BAY LAKES CORPORATION or its duly appointed agents.

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ARTICLE VII

GENERAL PROVISIONS:

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Corporation, or the owner of any land subject to this Declaration their respective legal representatives, heirs, successors, and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless three-fourths (3/4) of the vote of those present in person or by proxy at the annual meeting at which a quorum is present approves a change in the covenants and restrictions. The covenants may be amended at any time if three-fourths (3/4) of the vote of those present in person or by proxy at a duly called meeting of the Association at which a quorum is present approves the change. Provided, however, that no such agreement to change shall be effective unless made and recorded sixty (60) days in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every owner of a lot, Type 'A' Family Unit or Type 'B' Family Unit and the Corporation at least thirty (30) days in advance of any action taken.

Section 2. Notices. Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the person who appears as member or owner on the records of the Association at the time of such mailing. Notice to one or two or more co-owners of a lot, Type 'A' Family Unit or Type 'B' Family Unit shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association in writing of any change of address.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants; and failure by the Association, or any owner or the Corporation to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration

be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in nowise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 5. Any action which, under the provisions of this Declaration, may be taken at a meeting of the members of the Association, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the members of the Association who would be entitled to vote upon such action at a meeting and is filed with the Secretary of the Association as a part of the Association's records. Such consent shall have the same force and effect as a unanimous vote of the Association's members.

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ARTICLE VIII

Section 1. The Corporation hereby declares and covenants, and all other members of the of the Association by virtue of their ownership of property subject to this Declaration and their respective memberships in the Association, hereby agree that, except as otherwise provided in this Declaration, the Association shall be governed in accordance with its By-laws, the rules and regulations herein set out and such other by-laws and rules and regulations promulgated and adopted by the Association's Board of Directors under the provisions of its charter and Chapter 55A of the General Statutes of North Carolina. Nothing herein shall be construed to permit the adoption of by-laws or other rules and regulations which are contrary to or in conflict with the provisions of this Declaration, except in the manner herein provided.

IN TESTIMONY WHEREOF, BAY LAKES CORPORATION has caused this instrument to be signed in its name by its President, and attested by its Secretary, and scaled with its common seal, this 29th day of May, 1972.

BAY LAKES CORPORATION

By:

D. Stephen Jones, President

ATTESTED:

Glenda R. Blanton, Secretary

NORTH CAROLINA
SAMPSON COUNTY

I, _____, a Notary
Public of said county and state, do hereby certify that Glenda
R. Blanton personally
Came before me this day and acknowledged that she is the
Secretary of
BAY LAKES CORPORATION, and that By authority duly given and as
the act of said corporation, the forgoing instrument was signed
in its name by D. Stephen Jones, its President, sealed with its
corporate seal, and _____ attested by herself as its Secretary.

Witness my hand and seal, this 29th day of May, 1972.

Notary Public