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**DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR THE  
JONAS CREEK SUBDIVISION**

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THIS DECLARATION is made on the date hereinafter set forth by Cottage Point, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant"):

**WITNESS TO:**

WHEREAS, Declarant is the owner of certain real property located in Brunswick County, North Carolina, which is more particularly described on Exhibit "A" attached hereto and made a part hereof by reference (hereinafter sometimes referred to as the "Property").

WHEREAS, Declarant desires to create on such property an exclusive residential community of single-family homes to be known as Jonas Creek (hereinafter sometimes referred to as "Subdivision");

WHEREAS, Declarant desires to provide for the maintenance and upkeep of the common area within the Subdivision and to provide for enforcement of covenants and restrictions applicable to the Subdivision, and, to that end, desires to create a planned community pursuant to the provisions of Chapter 47F of the General Statutes of North Carolina (the "Act"), and to subject all of the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area (as hereinafter defined), to administer and enforce covenants and restrictions applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has or will therefore incorporate under North Carolina law as a non-profit corporation, the JONAS CREEK HOMEOWNERS ASSOCIATION, INC. for the purpose of exercising the aforesaid functions;

NOW, THEREFORE, Declarant declares that the Properties and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, charges

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and liens set forth in this Declaration, all of which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, personal representatives, 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. "Act" shall mean and refer to Chapter 47F of the General Statutes of Carolina, designated as the North Carolina Planned Community Act.

Section 2. "Association" shall mean and refer to the JONAS CREEK HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 3. "Common Area" shall mean and refer to any and all real property, together with any improvements thereon, shown on any recorded subdivision plat of the Properties, with the exception of: a) any Lots, as said term is defined in this Declaration; b) any public street rights-of-way as same are shown on any recorded subdivision plat of the Properties; (c) any real property that is conveyed to a separate Association; and (d) passive and active open space. Except as otherwise provided in this Declaration, the Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use as set forth herein.

Section 4. "Declarant" shall mean and refer to Cottage Point, LLC It shall also mean and refer to any person, company or entity to whom or which Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the applicable public registry for Brunswick County, North Carolina.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision plat of the Properties, with the exception of any Common Area owned in fee by the Association and any public street rights-of-way shown on such recorded plat. In the event that any Lot is increased or decreased in size by recombination or re-subdivision through recordation of new subdivision plats, any newly-platted Lot shall thereafter constitute a Lot.

Section 6. "Member" shall mean and refer to every person or entity who or which holds membership in the Association.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to the property described in Exhibit A to this Declaration and any additional property annexed pursuant to Article II of this Declaration.

Section 9. "Unit" or "Dwelling" shall mean and refer to any building or portion thereof within the Properties which is designated and intended for use and occupancy as a residence by a single family, whether by the Owner of such Unit or by tenants or lessees of such Owner.

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**ARTICLE II  
PROPERTY SUBJECT TO THIS DECLARATION  
AND WITHIN THE JURISDICTION OF JONUS CREEK**

**Section 1. Existing Property.** The real property which is and shall be held, transferred, sold, conveyed, used and occupied subject to this Declaration as of the date of recording hereof, which is within the jurisdiction of the Association, and which is described on Exhibit A attached hereto.

**Section 2. Annexation of Additional Property.** At any time prior to December 31, 2033, additional land may be annexed by the Declarant without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a plat showing such property to be annexed and of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed. Any property annexed must be contiguous to property already subject to this Declaration. Any property annexed pursuant to this subsection may be annexed and subjected to this Declaration as one parcel or as several parcels at different times. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

A supplementary declaration may contain such complementary additions to and modifications of the covenants and restrictions contained in this Declaration, including, without limitation, different voting rights and different annual and special assessments for the Lots or Units so annexed, as Declarant, in its sole discretion, may deem necessary or appropriate to reflect the different character or use of the property added. In no event, however, shall any supplementary declaration revoke, modify or add to the covenants and restrictions established by this Declaration so as to materially and adversely affect any portion of the Properties already subject to this Declaration. A supplementary declaration annexing additional property need only be executed by the Declarant and, if applicable, by the owner of the property being annexed, and shall not require the joinder or consent of the Association or any of its Members.

Nothing contained in this Article shall be construed to obligate or require Declarant to make any additions to the Properties.

**Section 3. Merger.** Additional property may also be made subject to this Declaration by merger or consolidation of the Association with another *non-profit* corporation formed for the same or similar purposes in accordance with the provisions of Sections 2-121 of the Act. The surviving or consolidated association shall administer the covenants and restrictions established by this Declaration within the Properties and the covenants and restrictions established upon property owned by the other association as one scheme. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

**Section 4. Effect of Addition of Property.** Except by amendment of this Declaration as provided in Section 3 of Article XI hereof, no addition of property, whether by annexation, merger or consolidation, shall revoke or modify any provision of this Declaration as to the Properties already subject hereto or diminish the rights of the Owners of Lots and Units within the Properties, except for the dilution of voting strength that occurs as a result of inclusion of additional Members of the Association.

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**Section 5. Withdrawal of Property.** Declarant reserves the right to amend this Declaration so long as it has a right to annex Additional Property pursuant to this Article for the purpose of removing any portion of the Properties then owned by Declarant or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Subdivision, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Subdivision.

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**ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS**

**Section 1. Membership.** Every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

**Section 2. Voting Rights.** The voting rights of the membership shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

There shall be two classes of Lots with respect to voting rights:

(a) **Class A Lots.** Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Ownership of a Class A Lot shall entitle the Owner of such Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Class A Lot.

(b) **Class B Lots.** Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as set forth below. The Declarant shall each be entitled to ten (10) votes for each Class B Lot it owns. The Class B Lots shall cease to exist and shall be converted to Class A Lots upon the earlier of the following to occur: (i) when no Declarant owns any Lots or Units within the Properties; (ii) upon written waiver of Class B membership by the Declarant; and/or (iii) December 31, 2033. When the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

(c) **Declarant's Voting Rights.** Until the Class B Lots cease to exist, as provided above, Declarant shall be vested with the sole voting rights of the Association on all matters (including election and removal of directors and officers of the Association), except such matters as to which the Declaration, the Articles of Incorporation, or the Bylaws of the Association specifically require a vote of the Class A Members.

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**ARTICLE IV  
PROPERTY RIGHTS**

**Section 1. Owners' Easements of Enjoyment and Access.** Except as limited by the provisions of this Section 1 and by the rules and regulations adopted by the Board of Directors of the Association, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

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(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated or constructed on the Common Area and to limit the use of such facilities to Owners and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association to suspend the voting rights of an Owner subject to a hearing or opportunity to present evidence in accordance with § 47F-3-107.1 of the Act for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association.

(c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public or quasi-public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. After Class B Lots cease to exist, no such dedication or transfer shall be effective unless the Members entitled to at least 80% of the votes of the entire membership of the Association. Nothing herein shall be deemed to prohibit the Board of Directors of the Association, without consent of the Members, from granting easements over and across the Common Area to any public agency, authority or utility for the installation and maintenance of sewage, utility (including cable television) or drainage facilities when, in the opinion of the Board, such easements are necessary for the convenient use and enjoyment of properties within the Subdivision. Notwithstanding anything herein to the contrary, the Common Area shall be preserved for the perpetual benefit of the owners of Lots within the Subdivision and shall not be conveyed except to a governmental entity or another non-profit corporation organized for similar purposes.

(d) the right of the Association, to borrow money and, after Class B Lots cease to exist, with the assent of Members' entitled to at least 80% of the votes of the entire membership of the Association and at least two-thirds (2/3) of the votes appurtenant to each Class of Lots, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as set forth herein.

(e) the right of the Association to exchange all or part of the Common Area for other property and consideration of like value and utility, provided, however, that, after Class B Lots cease to exist, any such dedication shall require the assent of the Members as set forth in subparagraph (c) above, and further provided that, if the Board of Directors of the Association determines, in its sole discretion, that such exchange is necessary to cure an encroachment or setback violation on any Lot, the Board may effect such exchange without the consent of or approval by the Members.

(f) the right of the Association to expand or add to the Common Area and to improve, maintain and operate the Common Area.

(g) the right of the Association to adopt, promulgate and enforce rules and regulations concerning the use of the Common Area.

(h) the right of the Association to otherwise deal with the Common Area as provided in the Articles of Incorporation and Bylaws of the Association.

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(d) Declarant's and Association's Right of Entry. The Declarant and the Association and the employees, agents, contractors and subcontractors of each, shall have a non-exclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement for the purposes of: (i) installing and maintaining subdivision entrance signs, features, fencing and landscaping; and (ii) making such improvements to the Common Area; and (iii) maintaining the Common Area easement in its natural or improved state.

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**ARTICLE V**  
**COVENANT FOR MAINTENANCE ASSESSMENTS**

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a 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 annual assessments and special assessments, such assessments to be established and collected as hereinafter provided. All assessments which are unpaid when due, together with interest and late charges set forth in Section 9 of this Article V and all costs of collection, including reasonable attorney's fees, shall be a charge against and, a continuing lien upon the Lot against which such assessment is made subject to § 47F-3-116 of the Act, as amended. Each such assessment or charge, together with interest and costs of collection, including reasonable attorneys' fees, subject to notice provided in accordance with § 47C-3-116(e1) of the Act, shall also be the personal or corporate obligation of the person(s), firm(s) or corporation(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

It is the intent of the Declarant that any monetary fines imposed against an Owner pursuant to the Bylaws of the Association or Section 7 of Article XII of this Declaration and subject to §47F-3-107.1 of the Act shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Subdivision and, in particular, for: (i) acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) repair and reconstruction of improvements on the Common Area, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against the Common Area owned by the Association in fee; (iv) procurement and maintenance of insurance in accordance with the Section 4(c) of Article IV of this Declaration; (v) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vi) payment of principal and interest on funds borrowed for Association purposes; (vii) such other needs as may arise; and (viii) payment for the maintenance and operation of street lights.

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Brunswick County, NC Register of Deeds page 8 of 28

**Section 3. Annual Assessments.**

(a) **Maximum Annual Assessment.** Declarant shall establish the Maximum Annual Assessment and initial annual assessment for Class A Lots; thereafter, the terms "Maximum Annual Assessment", annual assessment, and special assessment shall mean the Maximum, annual and special assessments applicable to Class A Lots. Until January 1, 2014, the Maximum Annual Assessment shall be \$ 750.00 for each Class A Lot.

For so long as a Class B Lot(s) exists, the Board of Directors, in its sole discretion, shall have the authority to adopt an annual budget without a vote of the membership. Once Class B Lots cease to exist, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year without a vote of the Members, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the Maximum Annual Assessment for the previous year unless such increase is approved as set forth in Section 3(b), below.

(b) **Annual Assessments: Ratification of Budgets.** After Class B Lots cease to exist, the Board of Directors shall adopt a proposed budget (including the proposed annual assessment for each Class of Lots) at least annually. Within 30 days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than 10 days nor more than 60 days after the mailing of such notice. Except as required by Section 7 below, there shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not greater than 10% larger than the assessment in effect for the immediately preceding year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Any annual assessment ratified by the Members shall continue thereafter from year to year as the annual assessment until changed by the Board and ratified by the Members as set forth herein.

**Section 4. Special Assessments.** In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement on the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other purpose, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article.

**Section 5. Assessment Rate: Collection Period.** Except as provided in Section 6 of this Article V, the annual and special assessments shall be fixed at a uniform rate for all Lots within each subclass of Lots and may be collected on a yearly, semi-annually, quarterly or monthly basis, as determined by the Board of Directors.

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**Section 6. Declarant's Assessments.** Notwithstanding any other provision of this Declaration or the Bylaws of the Association, the Declarant shall not be obligated for, nor subject to, any annual or special assessment for any Lot or other property that it owns within the Properties, provided, however, that the Declarant shall be responsible for paying the difference between: (i) the operating expenses of the Association; and (ii) the total revenues of the Association from all sources including, without limitation, annual and special assessments, revenues generated from fees charged by the Association for use of the Common Area, and investment income (said difference being hereinafter referred to as the "Operating Deficit"). For purposes of this Section, the term "operating expenses" shall not include contributions to any reserves for replacement, operating reserves, depreciation reserves, capital expenditures, or special assessments.

Declarant may, by written notice given by the Declarant to the Association on or before November 30 of any year, to be effective as of January 1, terminate its obligation to pay the Operating Deficit and waive its right to exclusion from assessments.

**Section 7. Notice and Quorum for any Action Authorized Under Sections 3(a) and 4.** After Class B lots cease to exist, written notice of any meeting called for the purpose of taking any action authorized under Section 3(a) or 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days prior to the meeting. At such meeting, the presence of Members, in person or by proxy, entitled to cast sixty (60%) percent of the votes of the entire membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and if called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

**Section 8. Date of Commencement of Annual Assessments: Amount of Initial and Subsequent Annual Assessments: Certificate of Payment.** Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to all Lots in any phase on the first day of the month following the conveyance of a Lot or Unit within that phase to an Owner other than the Declarant. Unless a lower amount is set by the Board of Directors and ratified by the Members, the first annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of days remaining in the calendar year.

**Section 9. Effect of Nonpayment of Assessments: Remedies.** An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due subject to § 47F-3-116 of the Act, as amended. Interest, late payment charges, reasonable attorneys' fees, and the costs of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

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**Section 10. Subordination of the Lien to Mortgages.** The liens provided for herein shall be subordinate to the lien of any first mortgage or first mortgage on a Lot. Sale or transfer of a Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessment which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof; but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.

**Section 11. Exempt Property.** All property dedicated to and accepted by a public authority and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

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**ARTICLE VI**  
**EASEMENTS**  
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**Section 1. Access and Utility Easements.** Easements for the installation and maintenance of driveways, walkways, water, gas, telephone, cable television and electric power transmission lines, sanitary sewer and storm water drainage facilities, and for other public utility installations are reserved as shown on the recorded plats of the Properties. Additionally, easements for said purposes are hereby reserved the side lot lines and rear lot line of each Lot. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of thirty (30) years from the date hereof, Declarant reserves, for itself and its employees, agents, successors and assigns, an easement upon and a right of ingress, egress and regress on, over and under the Properties for the purposes of constructing and maintaining water, sewer, gas, storm water drainage and retention, telephone, cable television, and electric, and other utility facilities to the extent required by any applicable governmental entity or deemed by the Declarant to be necessary or convenient for the development, use and enjoyment of the Properties and the Common Area and for the conduct of construction, sales and marketing activities. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, relocate utility facilities within said easement and take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant shall give reasonable notice of its intent to take such action to each Owner whose Lot is affected.

**Section 2. Easements for Governmental Access.** An easement is hereby established over the Common Area and every Lot within the Properties for the benefit of applicable governmental agencies for installing, removing, and reading water meters, maintaining and replacing water and sewer facilities, and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection and the delivery of mail.

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by the Board of Directors of the Association. If the Association or its designee fails to approve or disapprove such proposed Improvements within 60 days after complete plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The Association shall have the right to charge a reasonable fee for receiving and processing each application.

The Declarant and, after the Declarant no longer owns any Lot or Unit within the Properties, the Association, shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. Neither the Association nor the ARC shall approve any Improvements which it determines, in its sole discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Subdivision.

Neither the Declarant, the Association, the Board of Directors, the ARC, nor any member or employee of any of them, shall have any liability to any person or entity by reason of any acts taken or omitted by them, or any of them, in good faith pursuant to this Article.

Section 2. Rules and Regulations. The ARC may from time to time recommend to the Board, and the Board may, in its sole discretion, adopt, promulgate, amend and repeal rules and regulations interpreting and implementing the provisions of this Article VII, including adoption of detailed architectural guidelines and the imposition of a fee or charge for review of proposed improvements or modifications.

Section 3. Variances. The ARC may recommend to the Board, and the Board may, by the vote or written consent of a majority of the members thereof, allow reasonable variances as to the covenants, conditions or restrictions contained in this Declaration, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property. Variances contained in plans that are inadvertently approved by the ARC as part of the proposed improvements shall not be considered as having been approved unless specifically approved by the Board in accordance with the provisions of this Section.

**ARTICLE VIII  
RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION**

Section 1. Responsibilities. The Association, subject to the rights of the Owner set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and shall keep the Common Area in good, clean and proper condition, order and repair. The Association shall be responsible for the payment of all costs, charges and expenses incurred in connection with the operation, administration and management of the Common Area and the performance of its other obligations hereunder. The Association shall operate and maintain areas designated by the Declarant as Common Areas, whether or not title to such areas has been formally conveyed to the Association. The Association shall also be responsible for enforcement of the covenants and restrictions contained in this Declaration.

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**Section 2. Manager.** The Association may employ and pay for the services of a person or entity, including the Declarant (the "Manager"), to assist the Association in managing its affairs and carrying out its responsibilities hereunder and such other persons or entities, including attorneys and accountants, as the Association deems necessary or advisable, whether such persons or entities are engaged, furnished or employed by the Manager or directly by the Association. The Association may enter into a Management Agreement for such management services upon such terms as the Board of Directors may deem appropriate. The payment of management fees due to the Declarant may, at Declarant's option, be deferred until such later date as Declarant, in its sole discretion, deem appropriate. Furthermore, any management fees due to Declarant may, at Declarant's option, be credited against any assessments due or to be coming due from the Declarant.

**Section 3. Personal Property for Common Use.** The Association may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise, subject to such restrictions, if any, as may from time to time be provided by the Articles of Incorporation or Bylaws of the Association.

**Section 4. Insurance: Bonds.** The Association shall procure and maintain adequate liability insurance covering the Association. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers' directors' and employees' liability insurance, and such other insurance as it deems necessary or advisable. The premiums for such insurance shall be a common expense paid from the annual assessments provided in Article V of this Declaration. The Association may cause any or all persons responsible for collecting and disbursing monies of the Association to be bonded.

**Section 5. Declarant's Reserved Rights; Association's Obligation of Cooperation.** The Association shall accept conveyance of any Common Area conveyed to it, in fee or by easement, by Declarant or, at the request of Declarant, by an owner of any property within or to be annexed into the Properties and, upon request of Declarant and without further consideration, shall execute any document necessary to evidence such acceptance.

Until such time as Declarant and Builders have completed all of the contemplated improvements and have sold all of the Lots within the Subdivision:

(a) Declarant shall have the right to alter the boundaries of the Common Area, whether or not it has been previously deeded to the Association, subject to § 47F-3-112 of the Act, and provided that such alteration does not substantially, materially and adversely affect the function and use of the Common Area. The Association and each Owner hereby irrevocably appoints the Declarant as his attorney-in-fact to execute and/or deliver any documents, plats, deeds, or other written matters necessary or convenient to accomplish the addition of Common Area or Properties, or both, to create easements as deemed necessary by Declarant, and to adjure the boundary or boundaries of the Common Area.

(b) Neither the Association nor its Members, nor the use of the Common Area by the Association and its Members, shall interfere with or impede the completion of the improvements or the marketing and sale by the Declarant and the Builder of Lots and homes.

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(c) Declarant shall have the right to make such use of Lots and the Common Area as may facilitate completion of development and sale of Lots and Units by the Declarant, including the right to maintain sales offices, model Dwellings and Units, administrative offices, and construction offices (which may be trailers or temporary or permanent buildings), or any or all of same, on Lots or the Common Area. In accordance with Article XI, Section 9, Declarant shall also have the right to erect and maintain signs on Lots and/or the Common Area, to bring prospective purchasers upon the Common Area, to-use the Common Area for sales and marketing activities for the Subdivision, to grant the right to use the Common Area to a prospective purchasers or any other individual or group, in Declarant's sole discretion, and to conduct any and all other marketing activities deemed appropriate by the Declarant and to permit others to exercise such rights in conjunction with or separate from the Declarant.

(d) In addition to all other rights of the Declarant, no amendment shall be made to this Declaration, and no rule or regulation shall be adopted, interpreted or enforced by the Association, so as to modify the assessments or other charges applicable to the Declarant or assessed against the Lots owned by either, or which shall restrict, impair, or, in Declarant's sole judgment, materially adversely affect the activities of the Declarant or the Builder with regard to construction, use of Common Area and delegation of the right to use the Common Area, or the marketing and sale of Lots by the Declarant, whether or not such activities are enumerated in the preceding paragraphs, without the express prior written consent of Declarant.

In exercising any of the rights provided or granted under this Article, neither Declarant, nor the Association shall revoke, modify or amend this Declaration in a manner that reduces the size of the Common Area to less than, the area required by the appropriate governmental authority as of the date of this Declaration.

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### ARTICLE IX USE RESTRICTIONS

Section 1. Business Use Prohibited. No trade, business, profession, garage sale, moving sale, rummage sale or other type of commercial activity shall be carried on within any Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the properties; and, (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or, (c) a license is required.

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Notwithstanding the foregoing, the Declarant and the agents and employees of Declarant, shall have the right to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and its own general business offices; (ii) maintain fluorescent-lighted or spot-lighted model homes which may be open to the public for inspection 7 days per week for such hours as the Declarant or Builder deems appropriate or necessary; (iii) conduct any other activities on Lots to benefit sales efforts; and (iv) use the parking facilities on the Common Area for parking for its employees and invitees.

**Section 2. Use of Accessory Structures.** No tent, shack, barn, car port, metal awnings, metal utility sheds or other building, other than a Dwelling and its garage, shall be erected on a Lot, and used temporarily or permanently as a residence. Notwithstanding the foregoing, the Declarant may use temporary buildings, offices or facilities in connection with the marketing, sale and construction of Units.

**Section 3. Maintenance of Improvements.** Each Owner shall maintain in good condition and repair all improvements constructed upon such Owner's Lot, including, without limitation, the Dwelling. No Owner shall change the landscaping, exterior design or color of the Dwelling on such Owner's Lot, including the roof thereof, except in compliance with Article IX hereof.

**Section 4. Storage: Clothes Hanging.** No Lot or Common Area shall be used for the storage of rubbish. Outside clothes hanging shall not be permitted.

**Section 5. Nuisances.** No noxious or offensive trade or activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No automobile or other vehicle mechanical repairs or like activity shall be conducted within the Properties other than in a garage and concealed from public view.

**Section 6. Lawns.** Each Lot shall be maintained in a neat condition by the Owner thereof. In this context, the word "Lot" shall include that portion of the property from the outside of the structure on the applicable Lot to the adjacent paved road surface. All Lots upon which a Unit or Dwelling has been constructed ("Improved Lots") must have grass lawns; no gravel or similar type lawns are permitted. For Improved Lots, "Neat" shall require, at a minimum, that the lawn be regularly cut and fertilized and that mulched areas be regularly re-mulched and kept weeded so that its appearance is in harmony with the neighborhood. No Owner shall allow the grass on any Lot to grow to a height in excess of six (6) inches, measured from the surface of the ground. For unimproved Lots, "Neat" shall require that the Lot is maintained in a sightly condition, free of debris, rubbish, weeds and high grass and in a prudent and reasonable manner harmonious with that of other Lots within the Subdivision.

**Section 7. Failure to Maintain.** If an Owner fails to maintain the Lot or the improvements thereon, the Association, after giving such Owner at least ten (10) days' written notice, shall be authorized to undertake such maintenance at the Owner's expense. By accepting title to his Lot, each Owner shall be deemed to grant access upon the Owner's Lot and Dwelling for such purpose and such entry shall not constitute a trespass. If such maintenance is undertaken by the Association, or Declarant, the charge therefore and all costs of enforcement and collection shall be secured by a lien against the Lot as provided in Article V hereof.

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**Section 8. Animals.** No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of cats, dogs, and other household pets may be kept provided they are kept within the residence and are not kept, bred, or maintained for any commercial purposes or become a nuisance to the neighborhood. The Owner shall be responsible for cleaning all droppings from their animals. The Board of Directors of the Association shall have the right to expel animals from the community for the Owners continuing violation(s) of the governing documents.

**Section 9. Signs.** No signs shall be displayed on any Lot or on or within any improvement so as to be visible from the exterior of the improvement with the exception of: a) one sign with the maximum dimensions of 24 inches by 24 inches expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than forty-five (45) days before such election and shall be removed within seven (7) days after such election; and b) one "For Sale" sign with maximum dimensions of 24 inches by 18 inches displaying only a Real Estate Company logo, agent/company name and telephone number or the owner's phone number if no real estate company has been engaged. The Association may develop uniform sign standards and specifications to which all Owners must adhere. No sign of any kind shall be displayed in or on the Common Area without the prior written consent of the Association. Notwithstanding the foregoing, Declarant and, shall have the right to erect and maintain signs of any type and size on any Lot which it owns and on the Common Area, in connection with the development and sale of the Properties.

**Section 10. Water Retention Areas.** The Association shall be responsible for maintaining the portions of the storm water drainage system which are within the Common Area, including the water quality and quantity standards of the approved plans, to the extent required by law. A drainage easement is hereby dedicated to the Association for the purpose of maintaining the storm water system to meet water quality and quantity design standards of the approved plans and any future governmental laws, rules or regulations.

Each Owner of a Lot which borders a water retention area shall maintain any portion of that Owner's Lot lying within a retention area free of debris but shall not remove any wetlands species or do anything that would affect adversely water quality within the water retention area.

Swimming and bathing in water retention areas are prohibited. Docks or other structures shall not be erected in water retention areas without the prior written consent of the Association. All other uses of water retention areas shall be subject to the prior written approval of the Association and such rules and regulations as the Association may adopt from time to time.

**Section 11. Vehicles, Boats and Trailers.** No vehicle of any kind shall be parked on any Lot except on a paved parking surface or driveway or within a garage. No truck or vehicle used primarily for commercial purposes (other than those temporarily present on business), no vehicle in inoperable condition, no unlicensed vehicle, no recreational vehicle, no camper, no boat and no trailer may be kept within the Properties, unless inside a garage and concealed from public view. For the purpose of the preceding sentence, the term "kept" shall mean present for either a period of more than ten (10) hours or overnight, whichever is less. The Association shall have the right to tow or remove any boat, trailer, or vehicle of any type which is parked within the Premises or kept on any Lot in violation of this section, at the owner's expense, and the owner of each Lot, by



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acceptance of their deed, does grant to the Association such an easement on, across, and upon their Lot as may be necessary to enforce the provisions set out in this section. For purposes of this Section, Properties shall explicitly include public right-of-ways within Jonas Creek.

**Section 12. Walls, Fences, and Hedges.** All walls, fences, planters and hedges shall be controlled strictly for compliance with this Declaration and architectural standards established by the Declarant or the ARC.

The design, materials and placement of all walls, fences and hedges shall be approved by the ARC prior to construction pursuant to the approval requirements of Article VII, Section 1, of this Declaration.

**Section 13. Antennae and Roof Structures.** No radio or other electrical towers, aerials, antennae, , or other devices of any type for the reception or transmission of radio broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

**Section 14. Visual Obstructions at the Intersections of Public Streets.** No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by the junction of street curb lines and a line connecting them at points twenty-five (25) feet from the junction of the street curb lines (or extensions thereof) shall be placed, planted or permitted to remain on any corner lots.

**Section 15. Minimum Size of Dwellings.** All Dwellings constructed on any Lot shall have a minimum of 1,800 square feet of enclosed dwelling area. The term "enclosed dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling, provided, however, that such term does not include garages, terraces, decks, open porches, and like areas; provided, further, that shed type porches, even though attached to the house are specifically excluded from the definition of the aforesaid term "enclosed dwelling area".

**Section 17. Garages.** All Single Family Units constructed within the Properties shall contain an enclosed garage which may be attached to the and part of the Unit or a detached structure which has been approved by the Declarant or the Architectural Review Committee. Garage doors shall remain closed at all times except when necessary for ingress and egress.

**Section 18. Seasonal or Holiday Decorations.** Holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be removed from each Lot or residential dwelling within a reasonable period of time after such holiday passes. The Association has the sole discretion to determine what is a reasonable period of time for seasonal or holiday decorations to exist after the holiday passes and its determination shall be final.

**Section 19. Deviations.** Declarant at its sole discretion, is hereby permitted to approve deviations to restrictions in this Article in instances where in its judgment, such deviation will not

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Brenda M. Clemmons PROP  
page 18 of 28

adversely affect the development of the Property as a whole. Such approvals must be granted in writing and when given will automatically amend these restrictions for that certain Lot only.

**Section 20. Exterior Lights.** All light bulbs or other lights installed in any fixture located on the exterior of any building or any Sites shall be clear, white or non-frosted lights or bulbs.

**Section 21. Service Utilities, Fuel Tanks, Wood Piles, Trash.** All service utilities, fuel tanks, wood piles and trash and garbage containers are to be enclosed within a fence, wall or plant screen of a type and size approved by the Declarant or the ARC, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision.

**Section 22. Curbside Maintenance.** Each Owner shall have a duty and obligation to maintain the right-of-way area adjacent to the Owner's Lot. For purposes of this section, the right-of-way area shall be determined by extending the sidelines of the Lot to the adjacent paved road surface and, in the case of corner lots, also extending the rear and front Lot line to the adjacent paved road surface. Each Owner shall also be responsible for the proper installation of any driveway culverts within the adjacent right-of-way area and for maintaining the swales and drainage areas within said area.

**Section 23. Right of ways.** If any Owner places any improvement or structure in the right-of-way, then if requested by the North Carolina Department of Transportation or another governmental regulatory agency, the Declarant or the Association shall have the right to remove such improvement or structure even if the ARC had approved installation of such improvement or structure.

**Section 24. Above Ground Swimming Pools.** No above ground swimming pool shall be erected, constructed, placed or permitted to remain on any Lot.

**ARTICLE X**

**STORMWATER PERMIT TRANSFER, RESPONSIBILITIES AND COVENANTS**

**Section 1. Transfer to and Acceptance by Association.** Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities required to be located upon the Property or upon any property annexed into the Property by Declarant to the standards required by the North Carolina Stormwater Management Permit No. SW8-100718 issued for the Properties, and any additional North Carolina Stormwater Management Permits, applicable to the Properties and any amendments, additions or replacements thereof (collectively, the "Permit"). Upon completion of the initial construction of the Stormwater Management Facilities required by the applicable Permit for the Properties pursuant to this Declaration, Declarant shall transfer the applicable Permit and Declarant's responsibilities under the Permit applicable to the Properties to the Association. The Association shall accept the transfer from Declarant of the applicable Permit and responsibilities under the Permit. Transfers of any such Permit shall occur within a reasonable period of time after the date the North Carolina Department of Environment and Natural Resources allows the transfer of the Permit to occur, or a later date if so elected by Declarant.

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structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools. Built upon area in excess of the permitted amount above stated will require a modification of the Permit.

(d) The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

(e) Alteration of drainage as shown on the approved plans may not take place without the concurrence of the Division of Water Quality.

(f) All runoff from all built-upon area on the lot must drain into the permitted system. This may be accomplished through providing roof drain gutters which drain to the street, grading the lot to drain toward the street, or grading perimeter swales and directing them into the pond or street. Lots that will naturally drain into the system are not required to provide these measures.

(g) No Person may pipe, fill in, or alter any drainage feature or vegetated drainage swells constructed pursuant to the Permit.

(h) Lots located within an Area of Environmental Concern as designated by CAMA may be subject to a reduction in the allowable built upon area due to such CAMA regulations.

The covenants set forth in this Section 5 pertaining to stormwater management run with the land are binding on all persons claiming under them and may not be altered, rescinded, or modified without the express written consent of the State of North Carolina, Division of Water Quality. The State of North Carolina is made a beneficiary of the covenants above stated to the extent necessary to maintain compliance with the Permit, and such covenants run with the Property and shall be binding on all Persons and parties claiming under them.

**ARTICLE XI  
GENERAL PROVISIONS**

**Section 1. Enforcement.** The Declarant for so long as it owns a Lot or Unit, the Association or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant, Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Further, the Board of Directors shall have the right to record in the appropriate land records a notice of violation of this Declaration or the Bylaws of the Association, or any rules, regulations, use restrictions, or design guidelines promulgated by the Association and to assess the cost of recording and removing such notice against the Owner in violation of the Declaration.

**Section 2. Severability.** Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

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**Section 3. Amendment.** For so long as Declarant owns any Lot or Unit within the Subdivision, this Declaration may be amended by the Declarant, without the consent or joinder of any other Owner or the Association. Any such amendment shall be effective upon recording of same in the applicable public registry for Brunswick County, North Carolina. No amendment shall be binding upon any Lot or Owner until fifteen (15) days after a copy of such amendment has been provided to such Owner.

The covenants and restrictions of this Declaration, and any amendments thereto, are appurtenant to and shall run with and be binding upon the Properties and the Owners thereof for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended by a vote of the Owners as set forth below.

Subject to the provisions of Section 8(e) hereof and after Class B Lots cease to exist, this Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots and terminated during the first twenty-five year period only in strict compliance with § 47F-2-118 of the Act by an instrument signed by the Owners of not less than eighty percent (80%) of the Lots, and thereafter amended by an instrument signed by the Owners of not less than sixty-seven percent (67%) of the Lots or terminated by an instrument signed by the Owners of not less than eighty percent (80%) of the Lots, provided, however, that so long as there is Class B membership, no amendment adopted by the Owners shall be effective unless and until such amendment is approved in writing by the Declarant. Amendment or termination shall be by written instrument signed by the appropriate persons or entities and recorded in the applicable public registry for Brunswick County, North Carolina, and upon recordation, shall be binding on all Lots and Units within the Properties and the Owners thereof, without regard to whether the Owner of such Lot voted for or against or signed or did not sign the amendment.

**Section 4. Interpretation.** Headings used herein are for indexing purposes only and shall not be used as a means of interpreting or construing any provision hereof. Unless the context otherwise requires, the use herein of the singular shall include the plural and vice versa: the use of one gender shall include all genders; and the use of the word "including" shall mean "including, without limitation". This Declaration and the provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina.

**Section 5. Subdivision of Lots.** No Lot within the Subdivision may be subdivided by sale or otherwise so as to reduce the total Lot area shown on the recorded plat, except by or with the consent of the Declarant and, if required, by the appropriate governmental authority.

**Section 6. Declarant's Right To Change Development.** With the approval of the appropriate governmental authority, and subject only to such terms and conditions as said authority may impose, Declarant shall have the right, without consent or approval of the Owners, to create Lots and Units, add Common Area, and reallocate Lots or Units within the Properties. Declarant may convert any lot or lots or any other property subject to these restrictions to use as a roadway and/or road right-of-way.

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**Section 7. Rules and Regulations: Enforcement.** The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area and the Lots within the Subdivision and shall furnish a written copy of said rules and regulations to the Owners of each Lot at least fifteen (15) days before such rules and regulations become effective.

In addition to any other rights and remedies that the Association may have under the Bylaws and this Declaration, the Association may impose sanctions for a violation of this Declaration, the Bylaws of the Association, the rules and regulations adopted Association, and any restrictive covenants applicable to the Properties, in accordance with procedures set forth in the Bylaws, and subject to the notice of hearing, evidence, and appeals procedures set forth in §47F-3-107.1 of the Act, which sanctions may include, without limitation, reasonable monetary fines not to exceed One Hundred Dollars (\$100.00), provided that an additional fine of up to One Hundred Dollars (\$100.00) per day may be imposed for each day more than five (5) days after the decision that the violation occurs, which shall constitute a lien upon the Lot of the violator, and suspension of the right to vote and the right to use the Common Area any facilities thereon.

In addition, as provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Common Area and recreational facility within the Properties if the Owner is more than 30 days delinquent in paying any assessment or other charge due to the Association.

The Association shall at all times have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, incurred in such action.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

**Section 8. Dispute Resolution.**

**(a) Consensus for Association Action.**

(1) Except as provided in this Section, the Association may not commence a legal proceeding or an action under this Article without the approval of at least two-thirds of the Members. The foregoing shall not apply to: (i) actions brought by the Association to enforce the provisions of this Declaration, the Bylaws, or rules and regulations adopted by the Association (hereinafter collectively referred to as the "Governing Documents"); (ii) the imposition and collection of assessments; (iii) proceedings involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings against it.

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Brunswick County, NC Register of Deeds page 23 of 28  
Brenda M. Clemmons PROP

(2) Prior to the Association or any Member commencing any proceeding to which Declarant is a party, including, without limitation, a proceeding based on an alleged defect in any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to have access to inspect and correct the condition of or redesign any portion of any improvement as to which a defect is alleged or to otherwise correct or resolve the dispute.

(b) Alternative Method for Resolving Disputes. Declarant, its officers, directors, employees and agents, the Association, its officers, directors and committee members, all Owners, Members, any Builder, its officers, directors, employees and agents, and any other person or entity not otherwise subject to this Declaration who agrees to submit to this Section 8 (each such person or entity being herein referred to as a "Bound Party" or, in groups, as the "Bound Parties") each agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances and disputes described in Subsection (c) hereof (herein referred to as the "Claims") to the procedures set forth in Subsection (d) hereof.

(c) Claims. Unless specifically exempted below, all Claims between any of the Bound Parties, regardless of how such Claims might have arisen or on what they might be based, including, but not limited to, Claims: (i) arising out of or relating to the interpretation, application or enforcement of the Governing Documents or the rights, obligations and duties of any Bound Party under the Governing Documents; (ii) relating to the design and construction of improvements; or (iii) based on any statements, representation, promises, warranties, or other communications alleged to have been made by or on behalf of any Bound Party, shall be subject to the provisions of Subsection (d) hereof.

Notwithstanding the foregoing, unless all parties to any such dispute otherwise agree in writing, the following shall *not* be deemed to be Claims covered by this Subsection (c) and shall *not* be subject to the provisions of Subsection (d):

- (1) any proceeding by the Association against any Bound Party to enforce the provisions of Article V of this Declaration:
- (2) any proceeding by the Association or the Declarant to obtain a temporary restraining order or injunction (or equivalent equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the *status quo* and preserve the Association's or the Declarant's ability to act under and enforce the provisions of Articles VIII and XI of this Declaration;
- (3) any proceeding between or among Owners, which does not include the Declarant, a Builder, or the Association as a party, if such proceeding asserts a Claim which would constitute a cause of action independent of the Governing Documents; or
- (4) any proceeding in which no Bound Party is an indispensable party.

With the consent of all parties thereto, any dispute involving any of the foregoing excepted actions may be submitted to the alternative dispute resolution procedures set forth in Subsection (d).

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Brenda M. Clemmons page 24 of 28

(d) Mandatory Procedures.

(1) Notice. Any Bound Party having a Claim (the "Claimant") against any other Bound Party (the "Respondent") (the Claimant and the Respondent being herein individually referred to as a "Party" and collectively as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

- (i) the nature of the Claim, including the persons or entities involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific provisions of the Governing Documents or other authority out of which the Claim arises);
- (iii) the proposed remedy; and
- (iv) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(2) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board of Directors of the Association may appoint a representative to assist the Parties in their negotiations.

(ii) If the Parties do not resolve the Claim within 30 days after the date of the Notice (or within such other time period as may be agreed upon by the Parties), Claimant shall have an additional 30 days in which to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation. Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge the Respondent from any liability to any person or entity other than the Claimant.

(iv) Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to AAA mediation, or within such other time as may be determined by the mediator or agreed to by the Parties, the mediator shall issue a written notice of termination of the mediation process, which notice shall state that the Parties are at an impasse and set forth the date that mediation was terminated (hereinafter "Termination of Mediation").

(v) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees and expenses of the mediator and the administrative fees of mediation. If the Parties agree to a resolution of a Claim through negotiation or mediation as set forth in this Subsection (d), and any Party thereafter fails to abide by the terms of the settlement agreement, any other Party may file suit or initiate arbitration proceedings to enforce the agreement

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without the need to again comply with the procedures set forth in this Subsection (d). In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or, if more than one Party is in noncompliance, from all non-complying Parties pro rata) all costs incurred by such Party in enforcing the agreement, including, without limitation, attorneys' fees and court costs.

(3) Binding Arbitration.

(i) After Termination of Mediation, Claimant shall be entitled to submit the Claim to final, binding arbitration under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. No Claim subject to this Subsection (d), whether by the provisions thereof or by agreement of the Parties, shall be submitted to or decided by or in a court of law. Any judgment upon the award entered by the arbitrator may be entered in and enforced by a court of competent jurisdiction. If the amount claimed by the Complainant or, by the Respondent in a counterclaim, exceeds \$250,000, the Claim shall be heard and determined by three arbitrators. Otherwise, unless the Parties otherwise agree, the Claim shall be heard and determined by an arbitrator. An arbitrator shall have expertise in the areas) of the Claim, which may include legal expertise if legal issues are involved.

(ii) Each Party shall bear its own costs of the arbitration, including attorneys' fees, and each Party shall share equally all fees and expenses of the arbitrator and the administrative fees of arbitration.

Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions regarding the arbitrability of any Claim shall be decided by the arbitrator(s).

(iii) The award of the arbitrators shall be accompanied by detailed written findings of fact and conclusions of law. Except as required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all Parties involved in the arbitration.

(e) Amendment of Subsection. Notwithstanding any other provision of this Declaration, this Subsection 8 may not be amended prior to the expiration of 20 years from the date of recording of this Declaration without the prior written consent of the Declarant.

[SIGNATURES ON FOLLOWING PAGE]

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Brunswick County, NC Register of Deeds page 26 of 28

DECLARANT:  
Cottage Point, LLC

a North Carolina limited liability company


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By: [Signature]  
Name: V. CARVER RUDOLPH  
Title: MANAGER  
Date Executed: 3/29/13

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STATE OF NORTH CAROLINA  
COUNTY OF FORSYTH

I, ROBIN S FLETCHER, a Notary Public in and for  
FORSYTH County and the aforesaid State, do certify that  
V. CARVER RUDOLPH, Manager of Cottage Point, LLC, a North Carolina limited  
liability company, personally appeared before me this day, acknowledging to me that he or she  
voluntarily signed the foregoing instrument for the purposes stated therein and in the capacity  
indicated and that the identity of the signer was duly proven by presentation of a driver's license.

Witness my hand and official seal this the 29th day of MARCH, 2013  
 Notary Public, North Carolina  
Forsyth County  
ROBIN S. FLETCHER  
My commission expires 10/4/16  
Robin S. Fletcher  
Notary Public

{SEAL-STAMP}  
My Commission Expires: 10/4/16

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of Deeds page 27 of 28

Brunswick County NC Register

**EXHIBIT "A"**  
**Legal Description of Property**

Being all of Jonas Creek Phase I PUD as shown on that plat prepared by Own Gidlow, PLS recorded in Map Cabinet 77 at Page 66-67 of the Brunswick County Registry, reference to which plat is hereby made for a more particular description of the property herein described..

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**Jonas Creek**  
**Impervious Allocation per Lot**  
**Retention Pond #1**  
**July 2010**

<u>Lot #</u>	<u>Maximum Allowable Impervious</u> <u>(in square feet)</u>
1	3,117
2	3,467
3	3,317
4	3,142
5-8	3,267 each
9-10	3,467 each
11	4,392
12	4,892
13-15	5,192 each
16-17	5,267 each
18	4,892
19-22	3,267 each
23	3,467
24-28	3,114 each
54	2,864
55-56	4,692 each
57	3,267
58-60	3,017 each
61	3,267
<b>Total</b>	<b>133,269</b>