

1
(22)
1/28



FOR REGISTRATION REGISTER OF DEEDS
REBECCA P. SMITH
NEW HANOVER COUNTY, NC
2006 JAN 05 03:27:36 PM
BK:4961 PG:2691-2713 FEE:\$77.00

INSTRUMENT # 2006000798

**Amended Declaration of Covenants,
Conditions and Restrictions**

for

MEGAN'S PLACE

**Prepared By & Return
To: MTG, PLLC**

Index

ARTICLE I – DEFINITIONS	2
ARTICLE II – PROPERTY RIGHTS AND EASEMENTS	3
Section 1 Owners’ Property Rights	3
Section 2 Easements in Favor of the Association.	4
Section 3 Other Easements	5
Section 4 Nature of Easements	5
ARTICLE III - HOMEOWNERS’ ASSOCIATION	5
Section 1 Formation of Association	5
Section 2 Membership	5
Section 3 Voting Rights	5
Section 4 Government Permits	6
Section 5 Common Elements	6
ARTICLE IV – COVENANTS FOR ASSESSMENTS	7
Section 1 Creation of the Lien	7
Section 2 Purpose of Annual Assessments	7
Section 3 Annual Assessments	7
Section 4 Special Assessments.	8
Section 5 Insurance Assessments	8
Section 6 Ad Valorem Tax Assessments	8
Section 7 Membership Dues	8
Section 8 Rate of Assessment	8
Section 9 Commencement of Assessments	9
Section 10 Non Payment of Assessments	9
Section 11 Lien for Assessment	9
ARTICLE V – USE RESTRICTIONS, ARCHITECTURAL REVIEW AND MAINTENANCE	10
Section 1 Building Plan Approval and Site Improvement	10
Section 2 Minimum Standards for Site Improvement	10
Section 2a Minimum Square Footage	10
Section 2b Building Set Back Lines	10
Section 2c One Year to Construct	11
Section 2d Service Utilities	11
Section 2e Fences	11
Section 2f Clothes Lines	11
Section 2g Off Street Parking Requirements	11
Section 2h Exterior Lights	11
Section 3 Use Restrictions	11

Section 3a Land Use and Building Type	11
Section 3b Nuisances	11
Section 3c Temporary Structures	12
Section 3d Vehicles/Boats	12
Section 3e Animals	12
Section 3f Statuary, Yard Ornaments	12
Section 3g TV Satellite Dishes and Outside Antenna	12
Section 3h Construction in Common Elements	12
Section 3i Signs	13
Section 3j Subdividing	13
Section 3k Short Term Rental	13
Section 4 Yard Maintenance	13
Section 5 Landscaping	13
Section 6 Cutting Trees	14
Section 7 Right of Appeal of ARC	14
ARTICLE VI – LOTS SUBJECT TO DECLARATION/ ENFORCEMENT	14
Section 1 Lots Subject to Declaration	14
Section 2 Enforcement and Remedies	15
Section 2a Association to Remedy Violation	15
Section 2b Fines	15
Section 2c Suspension of Services and Privileges	15
Section 2d Miscellaneous	16
ARTICLE VII GENERAL PROVISIONS	16
Section 1 Storm Water Runoff	16
Section 2 Conservation Areas	16
Section 3 Right of Institutional Note holders	16
Section 4 Utility Services	17
Section 5 Severability	17
Section 6 Amendment of Declaration	17

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

AMENDED DECLARATION
OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR MEGAN'S PLACE

This Amended Declaration of Covenants, Conditions, and Restrictions for Megan's Place, made the 5th day of January, 2006, by Megan's Place Homeowners' Association, Inc. a North Carolina non-profit association, hereinafter referred to as "Association" for the purposes hereinafter stated:

WITNESSETH:

Whereas, W.B.F. ("Declarant") was the owner of certain real property in New Hanover County, North Carolina, known as MEGAN'S PLACE, which is shown on a plat recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, in Map Book 42, Page 266, to which reference is made for a more particular description (the "Property"); and

Whereas, Declarant declared that the Property described above shall be held, sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F as amended of the North Carolina General Statutes (the "Act"), as well as certain easements, restrictions, covenants, and conditions set forth in the Declaration of Covenants Conditions and Restrictions for Megan's Place, made June 25, 2002 and recorded at Book 3342, Page 539 of the New Hanover County Registry ("Original Declaration"); and

Whereas, Declarant no longer owns the Property, and the Common Elements have been conveyed to the Association; and

Whereas, the Association is a non-profit corporation organized for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Elements and any Limited Common Elements; and

Whereas, pursuant to Article VII, Section 6 of the Original Declaration, the Original Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated; and

Whereas, by affirmative vote of 29 of 33 Owners of Lots (88%), the requisite percentage has voted to amend the Original Declaration by enacting this Amended Declaration; and

Whereas, the Association declares that the Property described above shall be held, sold, and conveyed subject to the North Carolina Planned Community Act set forth in

Chapter 47F of the North Carolina General Statutes, as the same may from time to time be amended, as well as the following easements, restrictions, covenants, and conditions.

ARTICLE I

DEFINITIONS

SECTION 1. Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired by the Association, in addition to the above described Property, and annexed to and made a part of the Planned Community (as hereinafter defined).

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to Megan's Place Homeowners' Association, Inc., a North Carolina non-profit corporation, its successors and assigns, the owners association organized pursuant to the Act for the purposes set forth herein.

SECTION 4. Common Elements shall mean and refer to all lands and easements within or appurtenant to the Planned Community owned by the Association, other than a Lot, and intended for the common use and enjoyment of the Owners, including, without limitation, any private roads and storm water retention ponds within the Planned Community.

SECTION 5. Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

SECTION 6. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Amended Declaration or otherwise by law.

SECTION 7. Declarant means WBF, Inc.

SECTION 8. Declaration or Amended Declaration shall mean this instrument as it may be from time to time amended or supplemented.

SECTION 9. Executive Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Amended Declaration or otherwise to act on behalf of the Association.

SECTION 10. Limited Common Elements shall mean areas and facilities within any lot which are for the exclusive use of the Lot Owner but which the Association is obligated to maintain pursuant to the terms of this Amended Declaration. The Limited Common Elements shall consist of all yards and shrubbery on each Lot.

SECTION 11. Lot(s) shall mean and refer to any portion of the Planned Community designated for separate ownership by a Lot Owner.

SECTION 12. Lot Owner or Owner shall mean the Person who owns a fee simple title to any Lot.

SECTION 13. Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 14. Planned Community shall mean and refer to the Property plus any Additional Property made a part of Planned Community.

SECTION 15. Purchaser means any Person, other than a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 16. Reasonable Attorneys' Fees means attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

ARTICLE II

PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Elements, if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The Association may make and amend reasonable rules and regulations governing use of the Common Elements by the Owners.

(b) The Association may grant a security interest in or convey the Common Elements, or dedicate or transfer all or part of the Common Elements, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least eighty percent (80%) of the Members, provided, however, that the Association may without the consent of the Owners grant easements, leases, licenses and concessions through or over the Common Elements. No conveyance or encumbrance of Common Elements shall deprive any Lot of its rights of access or support. No property outside the existing limits of Megans Place may be annexed by the Association unless approved by 80% of the members.

(c) The Board of Directors on behalf of the Association, as a Common Expense, may at all times keep the Common Elements and other assets of the Association, if any,

insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgages.

SECTION 2. Easements in Favor of the Association. The following easements are reserved to the Association, their successors, and assigns:

(a) easements as necessary in the lands constituting the Common Elements and the rear, front and side ten feet or each Lot for the installation and maintenance of utilities and drainage facilities; including the right of the Association to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on the plan of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of the county where the Planned Community is located; the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Association to be necessary in order to maintain reasonable standards of health, safety and appearance; the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and maintain reasonable standards of health, safety and appearance; and the right to locate wells, pumping stations, and tanks within residential areas, or upon any Lot with the permission of the owner of such Lot. No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion. These easement areas (whether or not shown on the recorded plats for the Planned Community) and improvements within such areas shall be maintained by the respective Owner except those for which a public authority or utility company is responsible.

(b) easements over all private streets, if any, access easements, and Common Elements within the Planned Community as necessary to provide access, ingress and egress, to any Additional Property.

(c) an easement of unobstructed access over, on, upon, through and across each Lot and the Limited Common Elements located thereon, if any, at all reasonable times to perform any maintenance and repair to the Limited Common Elements required by this Amended Declaration. This easement shall also run in favor of the Association and the Association's agents, employees, successors and assigns.

SECTION 3. Other Easements. The following easements are granted by the Association to others:

(a) an easement is hereby granted to all law enforcement, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Elements in the performance of their duties.

(b) in case of any emergency originating in or threatening any Lot or Common Elements, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners, and such right of entry shall be immediate.

(c) the Association is granted an easement over each Lot for the purposes of providing Lot maintenance when an Owner fails to provide maintenance and upkeep in accordance with the Amended Declaration.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Association, their successors and assigns, and any Owner, purchaser, mortgage and other person having an interest in the Property or any Additional Property, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Amended Declaration.

ARTICLE III

HOMEOWNERS' ASSOCIATION

SECTION 1. Formation of Association. The Association shall be incorporated no later than the date the first Lot in the Planned Community is conveyed. The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Elements and any Limited Common Elements in accordance with this Amended Declaration, its Charter and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in the Act as it may be amended from time to time, in addition to any powers and authority otherwise granted to it.

SECTION 2. Membership. Every Lot Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

SECTION 3. Voting Rights. Members shall be all Owners who shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot,

all such persons shall be Members. The vote for each Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is prohibited.

SECTION 4. Government Permits. Obligations under all government permits for the Development shall be the obligation of the Association on the following terms and conditions:

(a) **General.** After completion of construction of any facilities required to be constructed by the Developer pursuant to permits, agreements and easements for the Development, all duties, obligations, rights and privileges of the developer under any water, sewer, stormwater and utility agreements, easements and permits for the Planned Community with municipal or governmental agencies or public or private utility companies, shall be the duties, rights, obligations, privileges and the responsibility of the Association, notwithstanding that such agreements, easements or permits have not been assigned or the responsibilities thereunder specifically assumed by the Association.

(b) **Stormwater Permit(s).** Any stormwater retention ponds and related facilities for the Development which have or are to be constructed by or on behalf of the Association constitute Common Elements and the Association, at its sole cost and expense, is responsible for the operation and maintenance of such facilities. The Association and each of its Members agree that at anytime after (i) all work required under any stormwater permits for the Development has been completed, and (ii) the Developer is not prohibited under the NC Department of Environment and Natural Resources (DENR) regulations from transferring the stormwater permit(s) for the Development to the Association, the Association's officers without any vote or approval of Lot Owners, and within 10 days after being permitted to do so, will sign all documents required by DENR for the stormwater permit(s) to be transferred to the Association; provided, however, that at the time the Developer has delivered to the Association a certificate from an engineer licensed in the State of North Carolina, dated no more than 45 days before the date of the request, that all stormwater retention ponds, swales and related facilities are constructed in accordance with the plans and specifications therefore.

SECTION 5. Common Elements. The Association shall at its sole cost and expense be responsible for the operation and maintenance of each Common Element within the Development, whether or not (i) such Common Element has actually been deeded to the Association, or (ii) any permit issued by a governmental agency to Declarant for the construction and operation of the Common Elements has been transferred from the Declarant to the Association.

ARTICLE IV.

COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner covenants and agrees to pay to the Association the following assessments (collectively the "Assessments"):

- (a) Annual Assessments;
- (b) Special Assessments;
- (c) Insurance Assessments;
- (d) Ad Valorem Tax Assessments; and
- (e) Membership Dues.

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the Owners and residents of the Property and Additional Property and for the maintenance, repair and replacement of the Common Elements and any Limited Common Elements. The funds arising from said assessments or charges, may be used for any or all of the following purposes: Operations, maintenance and improvements of the Common Elements, and any Limited Common Elements, including payment of utilities, enforcing this Amended Declaration, paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital; and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Elements and Limited Common Elements in good operating order and repair.

SECTION 3. Annual Assessments. The Executive Board shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year. Within 30 days after adoption of the proposed budget for the Planned Community, the Executive Board shall provide to all of the Lot Owners a summary of the budget and notice of a meeting to consider its ratification, including a statement that the budget may be ratified without a quorum. The budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the

Lot Owners ratify a subsequent budget proposed by the Executive Board. The Annual Assessment for each Lot shall be established based on the annual budget thus adopted. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements and any Limited Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of any meeting of Owners called for the purpose of approving Special Assessments shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

SECTION 5. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Insurance Assessment," in addition to the Annual Assessments, which shall be in an amount sufficient to pay the annual cost of such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Elements, if any, shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Ad Valorem Tax Assessment," in addition to the Annual Assessments, which shall be in an amount sufficient to pay such ad valorem taxes in such year not included as a component of the Annual Assessment.

SECTION 7. Membership Dues. At the time title to a lot is conveyed to an Owner, the Owner shall pay the sum equal to one quarter of the Annual Assessment to the Association as working capital to be used for operating and capital expenses of the Association. Amounts paid into the working capital fund are not to be considered as advance payment of the annual or any other assessments.

SECTION 8. Rate of Assessment. The Association may differentiate in the amount of Assessments charged between vacant Lots of record and Lots of record with completed dwellings for which certificates of occupancy have been issued by the appropriate governmental authority.

SECTION 9. Commencement of Assessments. Assessments for each Lot shall commence upon the date of the legal conveyance of said Lot to an owner.

SECTION 10. Effect Of Nonpayment Of Assessments and Remedies Of The Association. Any Assessment or installment thereof not paid within sixty (60) days after the beginning of the quarter billed shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action of law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 11. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid beyond the end of the quarter.

(a) The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47F-3-102, 47F-3-107, 47F-3-107A and 47F-3-115 of the Act are enforceable as Assessments.

(b) The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

(c) The lien for unpaid assessments is extinguished unless proceedings to enforce the tax lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court.

(d) Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorney's fees for the prevailing party.

(e) Where the holder of a first mortgage or deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title for the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all the Lot Owners including such purchaser, its heirs, successors and assigns.

(f) A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

ARTICLE V.

USE RESTRICTIONS, ARCHITECTURAL REVIEW AND MAINTENANCE

SECTION 1. Approval of Plans for Building and Site Improvements. No dwelling, wall or other structure shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications showing the nature, kind, shape, heights, materials, colors and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by an Architectural Review Committee composed of three (3) or more representatives appointed by the Board.

In the event the Board or the Architectural Review Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Refusal or approval of such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, which in the sole and uncontrolled discretion of the Board or Architectural Review Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Board or Architectural Review Committee, as the case may be, for its records. Neither the Board nor the Architectural Review Committee shall be responsible for any structural or other defects in plans and specifications submitted to it or any structure erected according to such plans and specifications.

SECTION 2. Minimum Standards for Site Improvements.

(a) Each dwelling shall have a minimum of 1400 square feet of enclosed, heated dwelling area. The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling which is heated by a common heating system; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas.

(b) Since the establishment of inflexible building setback lines for location of houses on lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines shall be

established by this Amended Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any lot shall be controlled by and must be approved absolutely by the Board or the Architectural Review Committee, as the case may be; provided, however, that no structure shall be constructed closer to an adjoining property line than is permitted by applicable governmental regulations.

(c) The exterior of all dwellings and other structures must be completed within twelve (12) months 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, fire, national emergency or natural calamities.

(d) All service utilities, fuel tanks, and wood piles are to be reasonably screened from the public view by a wall or plant screen of a type and size approved by the Board or the Architectural Review Committee, 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. All mail and newspaper boxes shall be uniform in design. Design for mail and newspaper boxes shall be furnished by the Association.

(e) Construction on any lot, regardless of lot location, of back or front yard fences/wall, of any type, size or material in Megan's Place is strictly prohibited. Excluded from this is any proposed perimeter fence/wall whose primary purpose is for noise reduction and neighborhood security. Any and all perimeter fence/wall construction must have prior Architectural Review Committee written approval, before commencement of construction.

(f) Clothes lines are not permitted on any Lot.

(g) Off street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot which parking areas and the driveways thereto shall be constructed of washed aggregate.

(h) All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of illumination shall be clear, white or non-frost lights or bulbs.

SECTION 3. Use Restrictions.

(a) Land Use and Building Type. No Lot shall be used for any purpose except for residential purposes. All numbered Lots are restricted for construction of one single family dwelling. No detached garages or other outbuildings shall be permitted.

(b) Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any noxious,

dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owners thereof. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkempt condition.

(c) Temporary Structures. No structure of temporary character, trailer, shed, pod, tent, shack, garage, barn or other outbuilding shall be used on any Lot any time either temporarily or permanently without the written consent of the Association.

(d) Vehicles/Boats. A boat, motor boat, camper, trailer, motor or mobile home, tractor/trailer, or similar type vehicle, shall not be permitted to remain on any Lot or on any street longer than a three day period without the approval of the Board or its designee. No inoperable vehicle or vehicle without current registration and insurance, will be permitted on any Lot, street or Common Elements. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

(e) Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed or under the control of their owner and do not become a nuisance to the neighborhood.

(f) Statuary, Yard Ornaments. Garden ornaments, that is, sculptures, figurines, fountains, birdbaths, benches and the like, must be of natural color or material including, but not limited to, stone, terra cotta, clay, or material having the appearance of such. The color of the material must either blend with the existing color scheme of the residence or the shrubs, or be an earth tone (such as gray, brown, black, or green). An approval from the Architectural Review Committee is required prior to the placing of any garden ornaments. There should not be an excess of garden ornaments as determined by the Architectural Review Committee. The Architectural Review Committee may base its disapproval on any reasonable ground, including purely aesthetic considerations.

(g) TV Satellite Dishes and Outside Antennas. TV satellite signal receiving dishes are permitted on any Lot provided, however, that the dish not be over 20" in diameter and placed to the rear of the house or any other Architectural Review Committee approved location. No outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Review Committee.

(h) Construction in Common Elements. No person shall undertake, cause or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

(i) Signs. No signs (including "for sale" or "for rent" signs) shall be permitted on any Lot, on or visible from any structure on any Lot, or in the Common Elements without permission of the Board of Directors. An exception is granted for small security company signs only.

(j) Subdividing. No Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Board of Directors of the Association.

(k) Short Term Rental Prohibited. No Owner shall enter into a lease of the Owner's Lot for a period less than one year. All leases for Lots and residences thereon shall be in writing and shall contain the following provision:

"Tenant acknowledges receipt of a copy of the Covenants, Conditions and Restrictions for Megan's Place and any rules and regulations adopted by Megan's Place Homeowners' Association, Inc. Violation of said covenants or rules and regulations by the tenant, the tenant's agents, guests and invitees, shall, after the expiration of any applicable cure period, constitute a default under the terms of this lease."

Each Owner shall be liable to the Association for (i) any violation of this Amended Declaration or Association rules and regulations and (ii) for any damage to the Common Elements, committed or caused by the Owner's tenants, the tenant's agents, guests and invitees. All amounts due the Association by an Owner pursuant to the terms of this paragraph shall be added to the Owner's Annual Assessment and become a part thereof, collectible and subject to being a lien against the Owner's Lot, as provided for in this Amended Declaration.

SECTION 4. Yard Maintenance. By means of the Annual Assessments, the Association is responsible for contracting and the performance of basic yard maintenance for homeowners and Common Areas throughout Megan's Place. Each homeowner is entitled to: mowing, edging and the resulting cleanup, of their entire property, whether or not it has been sodded. By acceptance of these Covenants, each individual homeowner grants the right of ingress and egress for the express purpose of Yard Maintenance to the Association's Contractor. Excluded from this service are lots and homes where no certificate of occupancy has been granted.

Home and lot owners are required to keep their property free of weeds, underbrush, refuse piles or unsightly growth or objects. All structures shall be kept neat and in good condition and repair. All shrubs, trees, grass and plantings shall be kept neatly trimmed and properly cultivated.

SECTION 5. Landscaping. Any and all site improvements to either existing landscaped areas or newly proposed landscape areas must be submitted to the Architectural Review Committee for approval. This includes, but is not limited to: change in landscape design, fill dirt, alteration of ground elevation of any manner, irrigation modifications, planting of trees, shrubs, flowering bushes and the like where

the peak height of the planting would exceed 3'. Excluded from this are any new plants or relocated plants and shrubs which at peak height would not exceed 3'. No homeowner may do any planting or any landscape changes of any type in the Common Areas without the expressed written consent of the Architectural Review Committee.

SECTION 6. Trees. The cutting down/removal of any and all trees above sapling state, including but not limited to pine, hardwood and native trees of any size, must have ARC approval. Clear cutting of trees is strictly prohibited. Planting new trees of any type and in any location must have Architectural Review Committee approval. Excluded from this, the homeowner without written consent from the Architectural Review Committee may remove damaged trees resulting from storms and other acts of nature. Or any tree which a certified arborist has deemed dead, terminally diseased, or an eminent threat to life or property. Replacement of trees of the same species does not require Architectural Review Committee approval.

SECTION 7. Right of Appeal. The homeowner has the right to appeal any decision rendered by the Architectural Review Committee based on material differences or interpretation of the Covenants to the Board of Directors of the Association. The appeal must be in writing and presented to the Board President. The Board will have 30 days to return a final decision on the appeal. The Board has final authority in determining the interpretation of any and all Covenants, Architectural Review Committee Rules and Regulations, and the like. Refusal or approval of any such appeal may be based on any grounds, including purely aesthetic and environmental considerations, which is the sole and uncontrolled discretion of the Board.

ARTICLE VI

LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Amended Declaration are for the purpose of protecting the value and desirability of the Planned Community and the Lots contained in it. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Amended Declaration, and as the Amended Declaration may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Amended Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Amended Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provision were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Amended Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners.

SECTION 2. Enforcement and Remedies. The covenants and restrictions of this Amended Declaration shall inure to the benefit and be enforceable (by proceedings at law or in equity) by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns. The Board of the Association shall be entitled to enforce its Bylaws and Rules and Regulations. In addition to the remedies otherwise provided for herein concerning the collection of Assessments, the following remedies shall be available:

(a) **Association to Remedy Violation.** In the event an Owner (or other occupant of a Lot) is in violation of or fails to perform any maintenance or other activities required by this Amended Declaration, the Association's Bylaws, or Rules and Regulations, the Board or its designee, after 60 days written notice may enter upon the Lot and remedy the violation or perform the required maintenance or other activities, all at the expense of the Owner, and such entry shall not be deemed a trespass. The full amount of the cost of remedying the violation or performing such maintenance or other activities and shall be chargeable to the Lot, including collection costs and reasonable attorney's fees. Such amounts shall be due and payable within 30 days after Owner is billed. If not paid within said 30 day period, the amount thereof may specially assessed against said Owner's Lot, following notice to the Owner and an opportunity for hearing before the Board of the Association. In the event that any maintenance activities are necessitated to any Common or Limited Common Elements by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors or the Association, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot.

Notwithstanding the foregoing, the Association shall not have a lien for the cost of any maintenance and repairs mentioned in this section if the Association is obligated to make such repairs or conduct such maintenance to the extent the areas requiring repairs or maintenance constitute Limited Common Elements.

(b) **Fines.** The Association may in accordance with the procedures set forth in NC General Statutes Chapter 47F as amended establish a schedule of and collect fines for the violation of this Amended Declaration or of the Association's Articles of Incorporation, Bylaws, or Rules and Regulations. If an Owner does not pay the fine when due, the fine may be specially assessed against the Owner's Lot and may be enforced by the Association as all other Assessments provided for herein following notice to the Owner and an opportunity for hearing before the Board of the Association.

(c) **Suspension of Services and Privileges.** The Association may in accordance with the procedures set forth in the Act suspend all services and privileges provided by the Association to any Owner (other than right of access to Lots) for any period that the Owner or the Owner's Lot is in violation of this Amended Declaration or the Association's Charter, Bylaws, or Rules and Regulations.

(d) Miscellaneous. Failure by the Association or by 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. The remedies provided herein are cumulative and are in addition to any other remedies provided by law.

ARTICLE VII

GENERAL PROVISIONS

SECTION 1. Enforcement of Storm Water Runoff Regulations. No Lot, including that portion of the street right of way between the edge of the pavement and the front Lot line, shall be covered by impervious structures, including asphalt, gravel, concrete, brick, stone, slate or similar material (but excluding wood decking), in excess of 5000 square feet (Lots within any CAMA Areas of Environmental Concern may be subject to a reduction in allowable built-upon area due to CAMA regulations). Roadside or lot swales may not be filled, piped or altered except as necessary to provide a minimum driveway crossing. All runoff from Lots must drain into the permitted stormwater system, which system may not be altered from the approved plan without the consent of the State of North Carolina. For curb and gutter projects, no one may pipe, fill in, or alter any Lot line swale used to meet North Carolina Stormwater Management Permit requirements.

These covenants are intended to insure continued compliance with the stormwater permit for the Property issued by the State of North Carolina and, therefore, may not be changed or deleted without the consent of the State.

SECTION 2. Conservation Areas. All Conservation Areas shown and delineated on the subdivision plan for the Property referred to in the preamble to this Amended Declaration shall be left in their natural state. No buildings or site improvements shall be permitted within the Conservation Areas; however, piers or pile-supported walkways are permitted. Prohibited activities shall include denuding, clearing, cutting of trees, seeding, or altering the existing grade of any Conservation Area. No fill may be placed in any Conservation Area, nor may any excavation be performed in any Conservation Area. This covenant is intended to ensure continued compliance with the mitigation condition of authorizations issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District (Action ID No. 199900544), and therefore may be enforced by the United States of America. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it.

SECTION 3. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation

or casualty loss that affects either a material portion of the Planned Community or the Property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of assessments or charges owned by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holds, and (h) be furnished with a copy of any master insurance policy.

SECTION 4. Utility Service. The Association reserves the right to subject the Property to contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections, impact fees or any other charges imposed by any entity furnishing water, sewer or other utility service to the Lots. All Lot Owners shall be required, for household purposes, to use water and sewer supplied by the companies/governmental units servicing the Planned Community. Separate water systems for outside irrigation and other outdoor uses shall not be permitted without the approval of the Board of Directors.

SECTION 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 6. Amendment of Declaration. This Amended Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

IN WITNESS THEREOF, the parties hereto, have caused this Amended Declaration to be executed in their corporate name and the corporate seal affixed by its duly authorized officers as of the day and year first above written.

MEGAN'S PLACE HOMEOWNERS' ASSOCIATION, INC.

By: *John E. Durbett*

Its: RESIDENT

ATTEST:

Nancy C. Rock
Secretary

(CORPORATE SEAL)



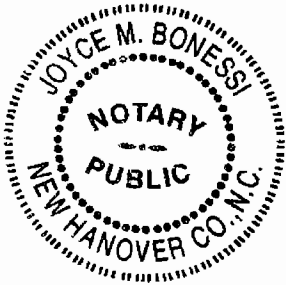
STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, a Notary Public of the County and State aforesaid, certify that, DAVEY C. Rock, personally came before me this day and acknowledged that he is the Secretary of the Megan's Place Homeowners' Association, Inc., and that by authority duly given and as the act of corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by himself as its Secretary.

WITNESS my hand and official stamp or seal, this 4th day of January, 2006.

Joyce M. Bonessi
Notary Public

My commission expires: 3/31/2007
(SEAL)



Certification of Validity of Amendment to
Declaration of Covenants,
Conditions and Restriction for
Megan's Place Homeowners' Association, Inc.

On December 3, 2005, the Covenant Revision Committee of Megan's Place Homeowners' Association, Inc. presented to the Board of Directors the foregoing Amended Declaration of Covenants, Conditions and Restrictions executed by more than sixty-seven percent (67%) of the Owners of Lots, determined as set forth in Article VIII, Section 6, of the Declaration of Covenants Conditions and Restrictions for Megan's Place, recorded in Book 3342, Page 539 of the New Hanover County Registry; and

The Board has examined the signatures and satisfied itself that the signatures represent the owners of more than sixty-seven percent (67%) of the Owners of Lots included within the Association and constitute more than sixty-seven percent of the property and should be approved.

By authority of its Board of Directions, Megan's Place Homeowners' Association, Inc. hereby certifies that the foregoing instrument has been duly executed by the owners of eighty-eight percent (88%) of the Owners of Lots of Megan's Place and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of Megan's Place Homeowners' Association, Inc.

This the 4th day of January, 2006.

MEGAN'S PLACE HOMEOWNERS'
ASSOCIATION, INC.

By: _____

President

ATTEST:

Nancy C. Rock
Secretary

(SEAL)

