

BOOK 2083 PAGE 516

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NORTH CAROLINA

JOHNSTON COUNTY

DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS  
FOR WATSON'S MILL

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is entered into this 28<sup>th</sup> day of June, 2001, between Rebecca D. Flowers (hereinafter "Declarant"), and Watson's Mill Homeowners Association, Inc. (hereinafter "Association") and all parties hereafter acquiring any of the described property.

WITNESSETH:

WHEREAS, Declarant is the owner of all lots within a subdivision in the County of Johnston, State of North Carolina, known as Watson's Mill, and being all of Lots 1 through 41 more particularly described by map and survey recorded in Plat Book 5B, Page 306-308 Johnston County Registry; and

WHEREAS, it is in the best interest of the Declarant and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of said property; and for the continued maintenance and operation of any recreational and/or common area; and

WHEREAS, as the Covenants and Homeowners Association documents would better

serve the homeowners subject thereto if set forth in one document covering all lots to be developed in Watson's Mill.

NOW THEREFORE, in consideration of the premises, Declarant does hereby declare that all of the properties referred to above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties, or any part thereof, their heirs, successors and assigns, for the term of these covenants as set forth below, and shall inure to the benefit of each holder thereof.

#### ARTICLE I

##### PROPERTIES SUBJECT TO THIS DECLARATION

The property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County of Johnston, State of North Carolina, and is more particularly described as being all of that property shown on map and survey recorded in Plat Book 58, Page 306-308, Johnston County Registry, plus all the utility and access easements as shown on the aforesaid map. The Declarant hereby subjects the heretofore described property, to this Declaration and the jurisdiction of the Association. Additional properties may be subjected to these Declarations within five (5) years from the date of this instrument.

#### ARTICLE II

##### DEFINITIONS

Section 1. "Association" shall mean and refer to Watson's Mill Homeowners Association, Inc. its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more

persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 5. "Permanent Common Open Space" shall consist of those areas designated on recorded plats of Watson's Mill as such. Such areas shall be dedicated in perpetuity to the common use and enjoyment of the owners. The Declarant will convey all Permanent Common Open Space shown on the various plats of the subdivision to the Association. The Association shall be responsible for the repair and maintenance as set forth in this Declaration.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Permanent Common Open Space.

Section 7. "Declarant" shall mean and refer to Rebecca Flowers, her successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 8. "Common Expense" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses of the common area and administration, maintenance, repair, or replacement of the Permanent Common Open Space;
- (c) Expenses declared to be common expenses by the provisions of this Declaration or the ByLaws;

- (d) Hazard, liability, or such other insurance premiums as the Declaration or the ByLaws may require the Association to purchase;
- (e) Ad valorem taxes and public assessment charges lawfully levied against common areas.
- (f) Expenses agreed by the members to be common expenses of the Association.

ARTICLE III

MASTER DECLARATION

Said lots shall be a part of the Master Planned Community known as Flowers Plantation and shall be subject to the Development Agreement for same recorded in Book 1615, page 601, as amended in Book 1657, Page 335, and in Book 1970, Page 599, Johnston County Registry, as well as the Declaration of Easements and Covenant to Share Costs recorded in Book 1615, Page 609, as supplemented in Book 1658, Page 90, and as amended in Book 1657, Page 337, Johnston County Registry. In addition to the dues assessed as a part of the Master Planned Community as set forth in said Development Agreement and Declaration referenced hereinabove, lot owners in Watson's Mill Subdivision will be subject to separate assessments for special maintenance of the common areas allotted to Watson's Mill. Upkeep and maintenance for same shall include, but not be limited to, upkeep, repair, and maintenance of the entrance gatehouse and iron gates, all streets and cul de sacs, sidewalks, and a twenty-five (25) foot buffer along both sides of all streets for mowing and maintenance by the Association.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Permanent Common Open Space and over the common open spaces for access, ingress and egress from and to public streets, walkways and parking areas and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to suspend the voting rights of an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (b) the right of the Association to dedicate or transfer all or any part of the Permanent Common Open Space to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.
- (c) the right of the Association, in accordance with its Articles and ByLaws, to borrow money for the purpose of improving the Permanent Common Open Space and facilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said Properties shall be subordinate to the rights of the homeowners hereunder;
- (d) the right of the Association to adopt, publish and enforce rules and regulations as provided in Article X.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the ByLaws, his right of enjoyment to the Permanent Common Open Space and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to the Permanent Common Open Space. The Declarant hereby covenants for herself, her successors and assigns, that she will convey fee simple title to the Permanent Common Open Space to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, except utility and storm drainage easements.

Section 4. Parking Rights. The Association may regulate the parking of boats, trailers and other such items on the Permanent Common Open Space.

Section 5. TV Antennas and Cablevision. The Association may supply cable vision and the cost of this service may be included in annual or special assessments. The Association may regulate or prohibit the erection of television antennas or satellite dishes visible from the streets or other lots on individual Lots.

#### ARTICLE V

##### MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment 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. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such

Lot shall be exercised as they 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 hereby prohibited.

Class B. The Declarant shall be a Class B member and shall be entitled to override the votes of other members of the Association while there is Class B membership. The Class B membership shall cease and be converted to Class A membership upon the sale of the last lot in Watson's Mill, with the exception of any lots retained by Declarant for investment purposes.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special 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 property against which each such assessment is 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 property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. All assessments relating to common open spaces shall be shared equally by the owners of each Lot.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of the Permanent Common Open Space, including the maintenance, repair and reconstruction of private driveways, walks and parking areas situated on the Permanent Common Open Space, such maintenance to include the cutting and removal of weeds and grass and the removal of trash and rubbish or any other maintenance or for the use and enjoyment of the Permanent Common Open Space, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Permanent Common Open Space, the procurement and maintenance of insurance in accordance with this Declaration, the employment of attorneys to represent the Association when necessary, the provision of adequate reserves for the replacement of capital improvements including, without limiting, the generality of the foregoing, signs, paving, grading, landscaping and any other major expense for which the Association is responsible, and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common area and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be initiated by the payment of One Thousand and No/100 Dollars (\$1,000.00) by every member who buys a new home in Watson's Mill, "new home" being defined as not previously occupied for residential use.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately



following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Three Hundred and No/100 Dollars (\$300.00) per lot, One Hundred and No/100 Dollars (\$100.00) of which shall be paid over to the Master Association for its common maintenance assessment for Flowers Plantation.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of membership by up to five percent (5%) of the previous year's assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 3(a) above by a vote 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 which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that 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 Permanent Common Open Space, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5.

Written Notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on an annual basis. Provided, however, that no assessment will be due for Lots owned by Declarant which are not occupied as a residence.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lots on the date each Lot is

conveyed to the first permanent occupant. Such annual assessments shall be paid ratably on an annual basis, the first payment being due at the closing, and every other following year, the payment being due on or before January 31 of each year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth the assessment on a specified Lot have been paid. Any certificate so given shall be conclusive evidence of payment of the assessment stated therein.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in the same manner in which Deeds of Trust may be foreclosed under Power of Sale pursuant to Chapter 45 of the N.C. General Statutes, or its successors, and in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Permanent Common Open Space or abandonment of his Lot. Should any deficiency remain after the foreclosure, the Association may also bring an action against the owner for said deficiency.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof,

shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 12. Working Capital Fund. At the time of closing of the sale of each unit a sum equal One Thousand and No/100 Dollars (\$1000.00) shall be collected and transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses, to make street repairs and maintenance for home construction traffic, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

## ARTICLE VII

### SITE AND PLAN APPROVAL

No building, fence, wall or other structure shall be commenced, erected, placed, altered or maintained on any premises in said development until the building plans, builder, specifications and plot showing the location of such improvements have been approved in writing as to conformity and harmony of external design with existing improvements in the development, as to location of the improvements with respect to topography and finished ground elevation by the

Declarant. In the event said Declarant fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the erection of such improvements or the making of such alterations has then commenced prior to the completion thereof, such approval will not be required and this Article will be deemed to have been fully complied with. In no event shall any lot within the subdivision be subdivided into two or more building lots.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Declarant has the absolute right to annex additional residential property, including common areas which may subject the homeowners in the subdivision to assessments for maintenance of the common areas, while Declarant owns any lot within the existing subdivision, or for such shorter period as allowed by law. Thereafter, additional properties may be annexed, including common areas, with the consent of at least seventy-five percent (75%) of the lot owners.

Section 2. Annexation of additional Properties shall be accomplished by recording in the County Registry a Declaration of Annexation, duly executed, describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Properties on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation.

Section 3. Prior to the conveyance of the first lot in any newly annexed area, the

Declarant shall deliver to the Association one or more deeds conveying fee simple title to any Permanent Common Open space within the lands annexed free and clear of all encumbrances and liens except utility, storm drainage, and greenway easements.

ARTICLE IX

INSURANCE

Section 1. Insurance coverage on the Property shall be governed by the following provisions:

- (a) Ownership of Policies. All insurance policies upon the common area shall be purchased by the Association for the benefit of all the Association and the Owners.
- (b) Coverage. All buildings and improvements and all personal property included in the Permanent Common Open Spaces and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:
  - (i) Loss or damage by fire and other hazards covered by the standard coverage endorsement, and
  - (ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, if any.
  - (iii) Such policies shall contain clauses providing for waiver of subrogation.
- (c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 Dollars (\$1,000,000.00)

per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to the Owners as an assessment according to the provisions of Article VI above.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the ByLaws and for the benefit of the Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Permanent Common Open Space and facilities held for the Association.

(ii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first

paid or provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments plus reserves accumulated.

#### ARTICLE X

##### USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the front yard space of each Lot and the Permanent Common Open Spaces. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Properties. No portion of the Properties shall be used except for residential purposes, except that nothing herein shall preclude the use of any lot for a utility purpose for the benefit of this subdivision or access by the Declarant or its successors in interest, except that if any lot is purchased from the developer by an individual lot owner or builder, then said lot must be used for residential purposes only.



Section 3. Building Type. No building shall be erected, altered, placed or permitted to remain on any lot until the owner or builder of said building has obtained from the Declarant or her duly appointed Architectural Control Committee approval of the construction. Submission of plans and specifications for the construction may be required, but at a minimum, a form supplied by Declarant listing the materials to be used, as well as a building sketch, shall be required to be completed. Exterior materials shall be stone, brick, stucco or Hardiplank siding. Under no circumstances shall vinyl siding be permitted.

Section 4. Nuisance. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become a nuisance or annoyance to the neighborhood. No signs or billboards shall be stored or regularly parked on the premises, and no commercial trucks or tractors may be parked regularly upon the premises. No business activity or trade of any kind whatsoever, which shall include, but not be limited to, the use of any residence as a doctor's office, professional office of any kind, fraternity house, rooming or boarding house, antique or gift shop, shall be carried on upon any lot.

The use of all-terrain vehicles, including, but not limited to, three-wheelers, four-wheelers (except that golf carts are allowed), dirt bikes and go-carts, on the properties or in the community is expressly prohibited hereby. The use of firearms, including, but not limited to, "B-B" and pellet guns, on the properties or in the community is expressly prohibited hereby.

Section 4. Animals. No animals, livestock or poultry of any kind other than ordinary household pets, shall be kept or maintained on any part of said property. Dogs must be contained within their owners' lots, or on leashes. Incessant barking or other offensive activities by household pets shall be considered noxious and offensive activities and shall not be permitted.

Section 5. Dwelling Size and Driveways. Except with prior written approval of the Declarant, no residential structure which has an area of less than two thousand five hundred (2500) finished heated square feet, exclusive of porches, breezeways, steps and garages, shall be erected or placed or permitted to remain on any lot. Driveway curb and gutter shall be at least twenty-four (24) feet in width, with a minimum diameter of fifteen (15) inches, unless the Declarant or her successors in interest specifies otherwise. Driveway piping and temporary gravel driveways must be installed before any type of construction is commenced on any lot. The first one hundred (100) feet of any final driveway shall be paved concrete.

Section 6. Temporary Structures. Except as hereinbefore set forth, no trailer, tent, shack, barn or other out building, except a private garage for not more than three (3) cars, or an out building which has been approved as to design and materials, shall be erected or placed on any lot covered by these covenants. Except with the prior consent of the Declarant, no detached garage shall at any time be used for human habitation, either temporarily or permanently.

Section 7. Fences. No fence or fencing-type barrier of any kind shall be placed, erected, allowed or maintained upon any portion of the community, including any lot, without the prior written consent of the Declarant. The Declarant may issue guidelines detailing acceptable fence styles or specifications, but in no event shall chain link fencing or hogwire be approved.

Section 8. Accessory Buildings. No accessory building of any nature whatsoever (including, but not limited to, detached garages, storage buildings, doghouses, and greenhouses) shall be placed on any lot without the prior written approval of the Declarant, with said Declarant to have the sole discretion relating to the location and type of accessory building which shall be permitted on any lot. Under no circumstances shall metal storage buildings be permitted. All

accessory buildings must conform to the same architectural style as the residence located on the same lot.

Section 9. Appearance. Each owner shall keep his building site free from tall grass, undergrowth, dead trees, trash and rubbish, and properly maintained so as to present a pleasing appearance within the subdivision. In the event an owner does not properly maintain his building site as above-provided, in the opinion of the Declarant, then Declarant (or her successors in interest), at her option, may have the site cleaned to its satisfaction, and the costs thus incurred shall be the responsibility of the lot owner. The costs of clean-up, if expended by the Declarant or her successors in interest, shall be a continuing lien upon the property until the sums due and payable are paid in full.

Location of satellite television receivers must be approved in writing by the Declarant, but in no event shall any receiver be visible from any road within the subdivision. Screening for satellite television receivers are subject to approval by the Declarant. Communication towers are expressly prohibited. Stick-built homes, constructed on the premises, are expressly required; that is, no prefabricated or manufactured homes are permitted on any lot. Truss roofs are prohibited, except for garage or storage building roofs, unless approval in writing is obtained from the Declarant. All primary fuel storage tanks must be placed underground or hidden from view of the roads by landscaping or skirting. Home curtain foundation wall as expressly prohibited unless approval for same is first obtained, in writing, from the Declarant. Mailboxes and mailbox posts must be uniform in nature, and shall be furnished by the Declarant at a cost of each lot owner of \$400.00 per mailbox. No inoperable motor vehicles, or those motor vehicles not registered with a Department of Motor Vehicles, may be parked on any lot if visible from any

road within the subdivision.

At the option of the Declarant, silt fences may be required to be erected during the period of construction of any structure to be located on any lot, to prevent erosion or other damage to adjoining lots. Construction and maintenance of same shall be borne by the lot owner. In the event an owner does not construct such a fence after being requested to do so by the Declarant, then Declarant (or her successors in interest), at her option, may have the fence erected, and the costs thus incurred shall be the responsibility of the lot owner. The costs of construction of such fence or fences, if expended by the Declarant or her successors in interest, shall be a continuing lien upon the property until the sums due and payable are paid in full.

#### ARTICLE XI

#### EASEMENTS

Section 1. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the front ten (10) feet of each lot, unless shown in excess of such distances on any recorded plat, in which case the plat shall control. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retire the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

#### ARTICLE XII

PARKING

Adequate off-street parking shall be provided by the owner of each lot for the parking of automobiles owned by such owner, and owners of lots shall not be permitted to park their automobiles on the streets in the subdivision. Owners of lots shall not be permitted to park boats, trailers, campers, motor homes, commercial vehicles and all other similar property on the streets in the development, and such property shall not be permitted to be parked in the front yard or where it is visible from any street within the subdivision.

ARTICLE XIII

UTILITIES AND STREET LIGHTING

Declarant reserves the right to subject the real property described hereinabove to a contract with Carolina Power & Light company or its successors in interest for the installation of underground electric cables and the installation of street lighting, either or both of which may require a continuous monthly charge to the owner of each lot, or to the Association as a part of the dues assessment.

Declarant, her utility company, or a successor in interest to her utility company, reserves the right herein to subject lots in Watson's Mill Subdivision to a central waste water treatment facility, as well as a community water system, and further reserves the right to assess against each lot owner tap-on fees for the right to the use of said facility. Tap-on fees shall be due on demand to the Declarant or a utility company which has been assigned the rights and obligations to provide water and sewer to the properties, and any of such fees not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Declarant, or the utility company, may bring an action at law against the owner personally

obligated to pay the same, or foreclose upon the assessment lien, which shall be a charge against the property against which each such tap-on fee is made. Each such tap-on fee, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the tap-on fee fell due. Individual walls and septic tanks are expressly prohibited hereby.

#### ARTICLE XIV

##### GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, and the aggrieved party may request restraint of the violation or damages resulting from said violation.

Section 2. Severability. Invalidation of any one of these covenants or restrictions or any part thereof by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce these covenants shall not be construed as a waiver of any future enforcement rights.

Section 3. Amendment. While Declarant owns any lot within the subdivision, or for such shorter period as allowed by law, Declarant shall have the absolute right to amend these covenants, which amendment or amendments shall be binding upon all property owners within the subdivision. Thereafter, these covenants may be amended by an instrument signed by not less than seventy-five percent (75%) of the lot owners.

Section 4. Term. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date

these covenants are recorded with the Johnston County Register of Deeds office, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants, in whole or in part.

Section 5. If any amendment to these covenants, conditions, and restrictions is executed, each such amendment shall be delivered to the Board of Directors of this Association.

Thereupon, the Board of Directors shall, within thirty (30) days, do the following:

- (c) Reasonably assure itself that the amendment has been executed by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of members and shall not be required to cause any title to any Lot to be examined.)
- (d) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS, CONDITIONS  
AND RESTRICTIONS OF WATSON'S MILL HOMEOWNERS ASSOCIATION, INC.

WATSON'S MILL HOMEOWNERS ASSOCIATION INC.

By: Rebecca Flowers  
President



Rebecca D. Benson  
Secretary

Section 6. Management and Contract Rights of Association. Declarant may enter into a contract with a Management company manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer or management by Declarant to the Association.

Section 7. Rights of Noteholders. Any institutional holder of a first mortgage 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,

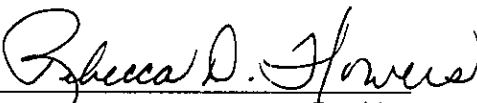


(d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (e) receive written notice of any sixty-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

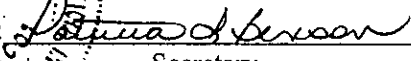
IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed, and the Homeowners Association has caused this instrument to be executed, by authority of its Board of Directors, this 28 day of June, 2001.

 (SEAL)  
Rebecca Flowers

WATSON'S MILL HOMEOWNERS ASSOCIATION, INC.

By:   
\_\_\_\_\_, President



ATTEST:   
\_\_\_\_\_, Secretary

STATE OF NORTH CAROLINA

COUNTY OF JOHNSTON

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that REBECCA FLOWERS personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial seal, this the 28<sup>th</sup> day of June, 2001.



Patricia S. Benson  
Notary Public

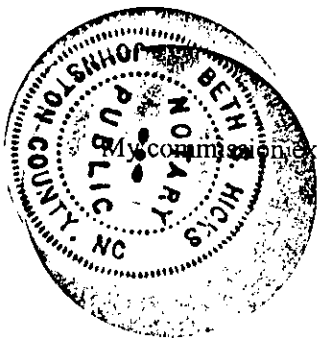
STATE OF NORTH CAROLINA

COUNTY OF JOHNSTON

I, a Notary Public of the County and State aforesaid, certify that Patricia S. Benson personally came before me this day and acknowledged that (s)he is Secretary of Watson's Mill Homeowners Association, Inc., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him/her as its Secretary.

Witness my hand and official stamp, this 28<sup>th</sup> day of June, 2001.

Bert D. Hicks  
Notary Public



My commission expires: 3-25-2003

State of North Carolina-Johnston County  
The foregoing Certificate(s) of Patricia S. Benson  
Bert D. Hicks Notary (Notaries) Public is (are) certified to be correct.  
This instrument was prepared for registration and recorded in Book 2083 Page 516  
This July 6, 2001 at 4:00 PM  
Cecil M. Maxengill By Cheryl Maxengill  
Register of Deeds Deputy Register of Deeds