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~~MAIL DOCUMENT TO:~~ PRESIDENT, NORTH SHORE POA, 2100 COUNTRY CLUB DRIVE, SANFORD, NC 27332-8309

FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, RESERVATIONS, AND RESTRICTIONS OF THE NORTH SHORE SECTION OF CAROLINA TRACE SUBDIVISION

THIS AMENDMENT, made and entered into this 7 day of March, 2010, by the owners of lots in the North Shore Property Owners Association, (hereinafter referred to as "Owners") and the NORTH SHORE PROPERTY OWNERS ASSOCIATION, a North Carolina non-profit corporation, (hereinafter referred to as the "Association"):

WITNESSETH:

WHEREAS, the Owners desire to amend the various Covenants, Conditions, Reservations and Restrictions (CCRR's) applied to those properties generally known as the North Shore Section of Carolina Trace Subdivision, said properties are located in Jonesboro Township, Lee County, North Carolina and being more particularly shown and described as follows:

BEING all of the lots as shown on plats recorded in Map Book 10, at pages 67, 68, 69, 71 and 72, and Map Book 11, at pages 1, 2, 3, 4, 5, 30, 31, 32, 34, 73 and 75 and Map Book 13, at pages 14, 30 and 51, and Map Book 771 at page 102, all in the Lee County Registry. Reference to said recorded plats is hereby made for a more precise description of said lots and parcels [all of which lots are collectively referred to hereinafter as "the Properties"].

Such various original Covenants, Conditions, Reservations and Restrictions (CCRR's) are recorded in Deed Book 116, Page 391; Deed Book 118, Page 770; Deed Book 237, Page 111 and Deed Book 244, Page 654; and

WHEREAS, the foregoing CCRR's were three times amended previously, the most recent amendment in a document recorded at Book 01018, Page 0242 of the Lee County Public Registry entitled "Amendment to Declaration of Covenants, Conditions, Reservations and Restrictions of the North Shore Section of Carolina Trace Subdivision (hereinafter, the "Third Amendment"); and

WHEREAS, NC G.S. 47F-2-117 provides that these CCRR's can be revised at any time upon the affirmative vote or written agreement of not less than sixty-seven percent (67%) of the owners of lots to which votes in the Association have been allocated, as further set forth in Article 19, Paragraph A, of this document; and

WHEREAS, the undersigned officers of the Association verify that this document (hereinafter, the "Fourth Amendment") has been approved by at least sixty-seven (67%) of the owners of lots to which votes in the Association have been allocated, who adopt this Fourth Amendment to bind all of the owners of the aforementioned Properties.

NOW, THEREFORE, the Owners and the North Shore Property Owners Association declare that all of the Properties shall be subjected to this Fourth Amendment of the Declaration of Covenants, Conditions, Reservations and Restrictions, which covenants and obligations contained herein shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to this amendment. Such Properties are held and shall be held, conveyed, encumbered, leased, rented, used, occupied and improved subject to the entire content of this amendment.

NORTH CAROLINA PLANNED COMMUNITY ACT

Chapter 47F of the North Carolina General Statutes entitled "North Carolina Planned Community Act" shall apply to this Planned Community and specifically shall be binding on each lot owner who is the current owner of a lot in North Shore Section of Carolina Trace Subdivision or who hereafter acquires a lot in the North Shore Section of Carolina Trace Subdivision.

***** Article 1 *****

DEFINITIONS

- A. "Articles" means the Articles of the Incorporation of North Shore Property Owners Association.
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- B. "Association" means North Shore Property Owners Association.
- C. "Bylaws" means the Bylaws of North Shore Property Owners Association.
- D. "Community Use Areas" means all real and personal property, together with those areas within dedicated portions of the subdivision, which may be deeded to or acquired by the Association for the common enjoyment of the Members of the Association.
- E. "Common Expenses" means and includes actual and estimated expenses incurred or accrued of maintaining and/or operating common areas outside of this subdivision which are necessary for the general safety, health and welfare of this subdivision and including any reasonable reserve, all as may be found to be necessary and appropriate by the Board of Directors pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.
- F. "Dedication" means the act of committing a portion of the subdivision to the purposes of this Amendment.
- G. "Lot" means a separately numbered tract of land lying within the subdivision. No tract of land shall become a "Lot" as that word is used herein until the area on which the same is located, is dedicated. The owner of all of a numbered lot may combine such numbered lot with all or part of another such numbered lot which is contiguous thereto and the aggregate shall be considered as one lot for the purpose of these Restrictions if a single family dwelling is constructed on such lots in such a manner that both lots are no longer usable as building lots.
- H. "Subdivision" means the North Shore section of Carolina Trace Subdivision.
- I. "Undeveloped Lot" means a lot whereon no residential construction has commenced.
- J. "Developed Lot" means a lot whereon residential construction has commenced. Clearing of a lot shall not be construed as the beginning of construction.
- K. "Unbuildable Lot" is any lot which is not assessed by Carolina Trace Association to North Shore POA, typically following consultations between the Association and CTA.

Each falls into one or more of the following categories: (1) Lots that are underwater or otherwise physically encumbered in such way that makes them essentially unbuildable or inaccessible, as certified by Lee County officials, (2) Lots that have been purchased by adjacent property owners and divided between them, becoming absorbed into those owner's lots, (3) Lots that are owned by North Shore POA, until such time that they are sold and deemed to be suitable for a home site. Unbuildable lots are also not assessed by North Shore POA and, therefore, do not entitle the owner(s) to a vote.

L. "The Declaration" refers to this document, which may also be abbreviated as the "CCRR's" and (in everyday usage) is commonly called simply "The Covenants."

M. "Properties" shall mean and refer to all lots subjected to this Declaration, being more particularly described as follows:

BEING all of the lots as shown on plats recorded in Map Book 10, at pages 67, 68, 69, 71 and 72, and Map Book 11, at pages 1, 2, 3, 4, 5, 30, 31, 32, 34, 73 and 75 and Map Book 13, at pages 14, 30 and 51, and Map Book 771 at page 102, all in the Lee County Registry. Reference to said recorded plats is hereby made for a more precise description of said lots and parcels.

***** Article 2 *****

APPLICABILITY

This Amendment shall apply to all numbered lots shown on the aforesaid maps or plats, (hereinafter referred to as "Lot" or "Lots"), which lots are for single family residential purposes only.

***** Article 3 *****

MEMBERSHIP

A. An Association named North Shore Property Owners Association has been formed pursuant to the rules and requirements of the Non-Profit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an Association of the owners of lots. Its purposes are to own, manage, maintain and operate the community use areas and facilities located upon the community use areas; to enforce the restrictions contained herein; to make and enforce rules and regulations governing the owners' use and occupation of lots and to incur, accrue and defray common expenses.

B. Each owner of each lot within the subdivision shall be a Member of the Association. The owners of individual lots covenant and agree with respect to the Association:

(1) That for so long as each is an owner of a lot within the subdivision, each will perform all acts, including payment of annual and special assessments necessary to remain in good and current standing as a Member of the Association;

(2) That each shall be subject to the rules and regulations of the Association with regard to ownership of a lot; and

(3) That any unpaid assessment or fee, whether an annual general assessment, a special general assessment on all lots, a general or special fee, or an individual special assessment on a specific lot (e.g., as a fine or to defray the cost to remedy non-compliance of a non-responsive owners' property), levied by the Association in accordance with these CCRR's, the Articles, or the Bylaws, shall be a lien upon the lot upon which such assessment or fee was levied and shall be the personal obligation of the owner of the lot at the time the assessment fell due.

C. Each membership in the Association shall relate to and have a unity of interest with an individual lot which may not be separated from ownership of said lot.

D. The Association shall have one (1) class of Members who shall be all owners. Each Member in good standing shall be entitled to one (1) vote for each lot owned; provided, however, when more than one (1) person holds an interest in any lot, all such persons shall be Members and: the vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote, or any fraction of a vote, be cast with the respect to any lot.

***** Article 4 *****

MANAGEMENT AND ADMINISTRATION

The management and administration of the affairs of the community use areas of the Subdivision shall be the sole right and responsibility of the Association. The management shall be carried out in accordance with the terms and conditions of these CCRR's, the Articles of Incorporation, and the Bylaws of the Association.

***** Article 5 *****

COMMUNITY EXPENSES

The community expenses of the subdivision include:

- ~~A. All amounts expended by the Association to maintain and repair North Shore roads and drainage systems;~~
- B. All amounts expended by the Association in insuring, operating, administering, managing, repairing and improving the community use areas of the subdivision;
- C. All amounts expended by the Association in legal, accounting, engineering, or architectural fees;
- D. All similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by these Restrictions, the Articles or the Bylaws;
- E. All amounts expended by the Association in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws;
- F. All amounts declared to be community expenses in the Bylaws or in these Restrictions.
- G. All taxes and special assessments which may be levied from time to time by any governmental authority upon the community use areas in the subdivision.
- H. All approved assessments by the Carolina Trace Association or its successors for expenses, services and improvements provided in common to all property owner associations and Members.

***** Article 6 *****

ANNUAL GENERAL ASSESSMENTS, FEES, AND BUDGET

- A. The owners as set forth herein and any subsequent owner of any lot in North Shore by acceptance of a deed for same (whether or not it is so-expressed in such deed) is deemed to covenant and agree to pay to the Association annual general assessments or charges as hereinafter provided. The annual general assessments and any general or special fees, together with any late fees, costs, penalties and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions of Paragraph D of this Article, and shall be a continuing lien upon the property against

which each such assessment is made. Furthermore, each such assessment and general or special fee, together with any late fees, costs, penalties and reasonable attorneys' fees, shall also be the personal obligation of the person(s) who was the owner of the lot at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to a successor in title to a lot unless expressly assumed by such successor but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such lot.

B. The Board of Directors shall have an annual budget prepared that gives details of projected expenses and lists the specific revenues (assessments and fees) needed to carry out their financial plan for the next fiscal year. These sources of revenue typically include a general assessment for operating expenses, a basic Dedicated Road Fund Fee to build the reserves required for periodic repair and repaving of roads, and a Supplemental Dedicated Road Maintenance Fee for Construction Projects. The specific schedule of assessments and fees proposed to the Members may vary from year to year, depending on need. The Board will submit the proposed assessments and fees, and also the annual budget, to votes of the membership in accordance with this Article.

(1) Members must approve the proposed assessments and fees by a majority affirmative vote of all ballots cast, in person or by proxy, by those who are in good standing, at a meeting of the Association duly called in accordance with Article V of the Bylaws and which achieves the quorum requirement of Paragraph (C), below. The meeting notice must clearly state the proposed amounts of each assessment and fee, for improved and unimproved lots.

(2) If any proposed assessments or fees are not approved by the membership, the Board of Directors shall reconsider them within the next 30 days and amend the budget as they believe necessary to address Member concerns. The Board will present any new proposed assessments or fees to a vote of the membership of the Association in a duly called special meeting to occur no later than 60 days after the previous meeting and vote. For any such revised assessments or fees failing to be approved on this second attempt, the existing amounts last approved by Members shall continue in force, unchanged, until such time that the issue is resolved. Those assessments shall be due and payable as if newly passed.

(3) In accordance with NC G.S. 47F-3-103, a summary of the Budget prepared and *approved* by the Board will be separately submitted to the Members for their *ratification*. The statute further provides that the Budget stands unless rejected by a majority of the lot owners of the Association. If rejected, the last periodic

Budget ratified by the Members will continue in force until such time that Members ratify a subsequent Budget prepared and approved by the Board.

C. Written notice of any meeting called for the purpose of taking any action authorized under paragraph B (1) shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At any such called meeting, the presence of Members or of proxies entitled to cast forty percent (40%) of all the votes of Members in good standing shall constitute a quorum. If the required quorum is not present, the meeting may be adjourned up to 29 days by majority vote of those present in person or by proxy and at any such reconvened session the quorum requirement shall be reduced by one-half per NC law, and that process repeated if necessary until a quorum is achieved.

D. The annual general assessments levied by the Association shall be used exclusively:

- (1) to improve, maintain and repair the community use areas (including community use areas and security provided by or maintained by the Carolina Trace Association or its successors; for the benefit of all Property Owners Associations and their Members),
- (2) to pay common expenses incurred or accrued,
- (3) to pay the expenses of the Association,
- (4) to pay the cost of insurance the Board of Directors determines to purchase,
- (5) to promote the recreation, health, safety and welfare of the Members, and
- (6) to pay taxes levied upon the community use areas.

E. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by any two (2) officers of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

F. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to foreclosure of a mortgage shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

***** Article 7 *****

SPECIAL GENERAL ASSESSMENTS

A. In addition to regular annual assessments and fees, the association may levy in any assessment year a *special general assessment*, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvements (including, without limiting the generality thereof, any road, drainage, lake, pond, dam, or waterway) located upon the Association's community use areas (within the discretion of the Association), including the necessary fixtures and personal property relating thereto.

B. Any such special general assessment must be approved by a majority of the ballots cast by Members who are in good standing, voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws and the Section hereof for such special meetings. The quorum required for such meeting shall be the same as enumerated in the Article VI, Paragraph C.

***** Article 8 *****

LIEN FOR ASSESSMENTS AND FEES

A. If the assessments or fees of an owner are not paid within 30 days following the date due (referring to dates set in accordance with other Articles herein) then such assessment or fees shall become delinquent and shall, together with any late fees thereon and cost of collection thereof, as hereinafter provided, thereupon become a continuing lien on the lot, improved lot or dwelling unit, as appropriate, which shall bind such lot, improved lot or dwelling unit, as appropriate in the hands of the then-owner, their heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-owner to pay such assessments shall remain their personal obligation for the statutory period; and, in addition, shall pass to their successors in title as an encumbrance or lien against the lot, improved lot or dwelling unit as appropriate unless expressly waived by a majority vote of the Board. Notice of the Claim of Lien shall be sent to the lot owner in strict accordance with all notification requirements of NC G.S. 47F.

B. If the assessment and/or fee is not paid within (30) days of a delinquency notice, a

late fee not to exceed \$20 per month, as permitted by NC law and approved by the Board of Directors, shall be added to the unpaid balance. The Board, acting on behalf of the membership, may authorize its officers to bring appropriate civil action against the owner personally obligated to pay the same or to foreclose the lien against such lot, improved lot or dwelling unit, as appropriate and there shall be added to the amount of such assessment the cost of such action and reasonable attorney fees and other costs incurred by the officers of the Association pursuant to the authority of the Board *provided* written notice is given of the Association's intent to seek payment of legal fees and court costs. In the event a judgment is obtained against any owner for such assessments, such judgment shall include late fees on the assessment as above provided and a reasonable attorney fee to be fixed by the Court together with a schedule of late fees also due and payable if an assessment is not paid within thirty (30) days after the payment date which late fees shall be in addition to the other charges described herein.

C. The lien of an owner's property of the assessments and fees provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereinafter placed upon any lot, improved lot or dwelling unit, subject to assessment. Subordination shall not relieve any lot, improved lot or dwelling unit from liability for any assessments and fees now or hereinafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded.

***** Article 9 *****

**COMPLIANCE WITH THIS DECLARATION, THE ARTICLES AND BYLAWS OF
THE ASSOCIATION**

In the case of failure of a lot owner to comply with the terms and provisions contained in this Declaration, the Articles or the Bylaws of the Association, the following relief shall be available after the non-compliance issue has been handled in accordance with the due process procedures of Bylaws Article X:

A. In addition to the annual general assessments, any general or special fees, and the special general assessments described herein, the Association may levy on a particular lot, improved lot or a dwelling unit (rather than on all lots, improved lots or dwelling units within North Shore), an *individual special assessment*, immediately due and

payable, consisting of any fines assessed by the Association under the authority contained in the Bylaws or CCRR's for an owner's violation of the terms and conditions of this Declaration (considering the severity of the violation), any liquidated damages or summary charges imposed under authority in those documents, and any cost of remedy incurred under Paragraph (B), below, together with costs, fees and expenses (including reasonable attorneys fees) incurred by the Association incidental to the enforcement of any rule or regulation. Such *individual special assessment* must be affirmed by a two-thirds (2/3) vote of the Board of Directors of the Association.

B. In the event the owner of a lot fails to take necessary remedial action within a time deemed reasonable by the Board, considering the severity of the violation and any other relevant factors including current or potential impact on the neighborhood, the Board of Directors, by two-thirds (2/3) vote, shall then have the right to take necessary action to remedy the violation and assess the costs of remedying same against the lot owner as an individual special assessment in accordance with (A.), above.

C. If the violation is the nonpayment of any general or special assessment or fee on all lots, the Board of Directors of the Association shall also have the right to suspend the offending owner's voting rights and the use by such owner, his or her agents, employees and invitees, of the community use areas of the subdivision for any period during which an assessment against the lot remains unpaid, including late fees as permitted by law. The lot owner shall be given written notice of the Board action, including a statement that payment of amounts due restores those privileges. See Bylaws Article V, Section 12 (Record Date).

D. The Association, an aggrieved lot owner or owners within the subdivision on behalf of the Association, or any lot owner on behalf of all the lot owners within the subdivision, shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

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

F. The failure of the Association or any person to enforce any provisions contained in these CCRR's, the Articles or the Bylaws shall not be deemed to waive the right to enforce them thereafter as to the same violation or subsequent violation of similar character. Prior to availing itself of the relief specified herein, the Association shall follow the due process procedures in the Bylaws.

***** Article 10 *****

**PROPERTY RIGHTS OF LOT OWNERS, CROSS-EASEMENTS, AND
EXCEPTIONS AND RESERVATIONS BY DECLARANT**

A. Every owner of a lot within the Subdivision, as an appurtenance to such lot, shall have a perpetual easement over and upon the Community Use Areas within the Subdivision for each and every purpose or use to which such Community Use Areas were intended as determined by their type, or for which such Community Use Areas generally are used. Such easements shall be appurtenant to and shall pass with the title to every lot located within the Subdivision, whether or not specifically included in a deed thereto, subject to the following provisions:

(1) The Association shall have the right to make reasonable rules and regulations respecting the use of same.

(2) The Association shall have the right to suspend the voting rights of a lot owners and their right to use the Community Use Areas within the Subdivision for any period during which any due assessment against such owner's lot remains unpaid as is provided in Article 9 hereof and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations.

B. The Association hereinafter may grant easements for utility and drainage purposes for the benefit of the subdivision and the lots now or hereafter located thereon, over, under, along and through the community use areas. Provided, however, that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any lot.

C. All owners may delegate, in accordance with the Bylaws, their right of enjoyment to the community use areas and facilities to the members of their family, visitors, tenants, or contract purchasers who reside on the property.

***** Article 11 *****

AMENITIES AND FACILITIES

Every park, recreation area, recreation facility, dedicated access and other amenities appurtenant to the subdivision, whether or not shown and delineated on any recorded plat of the subdivision, shall be considered private and for the sole and exclusive use of the owners of lots within the subdivision.

***** Article 12 *****

WAIVER

No provision contained in these Restrictions, the Articles or the Bylaws shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

***** Article 13 *****

VARIANCES

The Board of Directors in its discretion may allow reasonable variances and adjustments of these Amended Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Subdivision of lots owned in fee by various persons with each such owner having an easement upon areas owned by the Association. Approval of a variance requires a 2/3 affirmative vote of the Board, typically after consulting with the adjacent neighbors (as applicable).

***** Article 14 *****

ARCHITECTURAL CONTROL

A. The Architecture of Houses and/or improvements to and on each of the lots subject to these protective covenants will be controlled in the following manner by the Architectural Committee.

(1) The Architectural Committee will be composed of three (3) persons elected by the membership for staggered terms of three (3) years each, such that a single Member is normally elected each year. The owner(s) of each lot in good standing shall be entitled to cast one vote, in person or by proxy, for each lot owned. The candidate who obtains the most votes is elected, with no requirement for obtaining a majority of the votes cast. This election shall be held at a meeting of the property owners after at least a thirty (30) day notice that gives information on candidates. Each year the Board of Directors of the Association shall select one of the three elected Architectural Committee members to serve as Chair. The Board may also

appoint additional Members to the Architectural Committee to augment efforts of the three elected Members. These may include a non-voting Member to serve as liaison with the Board and update it on Architectural Committee activities at each regular meeting. The Architectural Committee shall report to and be accountable to the Board of Directors, and shall not be compensated for their services.

(2) No house, garage, carport, swimming pool, playhouse, outbuilding, propane tank, fence, wall, or other above ground structure shall be commenced, erected or maintained upon any property subject to this Declaration, nor shall any exterior addition to, change in or alteration of any said structures be made, until formal approval is provided by the Architectural Committee, except for repairs or painting that do not change the color or exterior appearance of such property. The Architectural Committee requires a written and signed "Request for Construction Approval" which shall include complete, final plans and specifications showing the nature, kind, shape, height, materials, basic exterior finishes and colors, location and floor plan thereof including front, side and rear elevations, location relative to surrounding structures and topography, drainage provisions and the name of the builder. Architectural committee approval shall be based upon its judgment as to the harmony of the proposed exterior design, general construction quality with the existing standards of the neighborhood, conformance with property setback requirements, and drainage impacts.

(3) For those projects involving new construction or significant alterations to the topography or drainage of a lot, the Architectural Committee will have the Roads and Drainage Committee examine the plans for potential impact on rainwater drainage. In typical residential construction on lots without topographical issues or existing erosion, and which seem unlikely to experience or cause heavy runoff, the normal and customary measures to properly channel runoff, and to prevent erosion and sedimentation during and after construction, should suffice. However, if the Roads and Drainage Committee concludes otherwise they may require the contractor to have a Civil Engineer or Landscape Architect registered in North Carolina evaluate the impact of the planned construction on other property, drainage systems, streams or lake, and determine what actions are needed. The resulting report will describe the expected runoff, any changes needed in drainage swales or storm drains, and details of the erosion control measures required during and after construction to comply with State water quality regulations. All applicable projects will require Roads and Drainage signoff as a prerequisite to any approval by the Architectural Committee.

(4) In the event the Architectural Committee fails to approve or disapprove plans as outlined in sub-paragraph (2), or location of house on lot, within (30) days after said plans and specifications have been submitted to it, or, in any event, if no suit to enjoin the erection of such building or the making of such alterations has been commenced prior to the completion thereof, such approval will not be required, and this covenant will be deemed to have been fully complied with. If the Architectural Committee responds in writing to a construction request/plans with questions and/or requests changes to the plans; this 30 day approval deadline shall not apply until the requested information or changes are provided.

(5) In order to ensure that the Architectural Committee's file copy reflects the finished construction, any deviation to the approved plans must be documented, as a revision, on the Committee file copy and approved prior to implementation.

(6) Construction approvals are valid for six (6) months for the commencement of construction unless extended by the Architectural Committee in writing.

***** Article 15 *****

APPROVAL OF BUILDERS

A. Any builder of any house upon any property subject to this Declaration must, before beginning construction of each house, be approved by the Architectural Committee as to experience building homes or other structures of the class and type of those which are to be built on the property subject to this Declaration, as well as the prospective builder's demonstrated willingness and ability to abide by the provisions of this Declaration and the rules and regulations of North Shore POA. Any approved contractor shall be properly licensed by the State of North Carolina. No person shall be approved as a builder by the Architectural Committee unless such person obtains his or her income primarily from construction of houses. No lot owner will be permitted to act as their own builder or contractor except where such owner obtains approval by the Architectural Committee as hereinabove set forth. The Architectural Committee shall have the right to set time limits for the completion of each house (normally six (6) months).

B. In approving builders or contractors under this paragraph, neither the Architectural Committee nor the POA makes any representation or warranty concerning the financial stability, capability or quality of workmanship of any builder or contractor. Each property owner should conduct his or her own due diligence regarding the suitability of any

proposed builder or contractor before seeking approval of the Architectural Committee. With Architectural Committee approval, property owners may undertake "Do-it-Yourself" exterior improvements to their property.

***** Article 16 *****

HOUSE REQUIREMENTS

A. Notwithstanding any other provisions contained in this Article, plans for new homes or additions will be approved only if their size (area), and their height, are in character with other homes in the neighborhood, giving more weight to those nearest and sharing a common field of view.

B. The enclosed, heated living area of a home (exclusive of any garage, carport, porch, terrace, bulk storage and basement) shall comply with the following criteria, before any adjustment for neighborhood:

- (1) One-story or split level dwellings shall have a minimum of 1800 square feet.
- (2) The enclosed heated living area of story-and-a-half dwellings shall cover a ground area of at least 1600 square feet (SF) and they shall have a minimum total heated area of 2200 SF, except if the ground area covered is at least 1750 SF the requirement for a total of 2200 SF shall not apply.
- (3) The enclosed, heated living area of two-story dwellings shall cover a ground area of at least 1200 SF and they shall have a minimum of 2400 SF total heated area, except if the ground area covered is at least 1750 SF the requirement for a total of 2400 shall not apply.
- (4) In situations where lot geometry or topography make it infeasible to achieve compliance with the above criteria, the Architectural Committee is permitted, but not required, to accept reasonable deviations that make the lot buildable while preserving the character of the neighborhood, provided such accommodation is also affirmed by the Board of Directors under Article XIII.

C. Acceptable building heights shall be determined by the Architectural Committee based upon lot location, tree cover, the height of neighboring homes, and other factors affecting site compatibility. Homes shall not exceed 2 (two) stories above a basement and in any case shall not exceed 2 1/2 stories above natural grade.

D. Although the *maximum* building sizes may not be specifically established in your Deed or recorded Covenants, the Architectural Committee may, at its discretion, disapprove a submittal that is inappropriate or incompatible for the site due to being an excessively large size, or which crowds the site, or is out of character with other structures in the neighborhood, giving more weight to those nearest and sharing a common field of view.

E. The construction, erection, assembly, installation, and/or placement of any manufactured home and/or mobile home on any lot within the North Shore Section of the Carolina Trace Subdivision is prohibited. This provision shall not prohibit the use of manufactured assemblies in constructing a home that meets the NC Building Code and all requirements of these CCRR's, is in harmony with the architecture of homes in the neighborhood, and has been accepted by the Architectural Committee.

***** Article 17 *****

BUILDING LOCATION

No building of any kind, including garages, shall be located on any building site less than 50 feet from the front lot line, and no building shall be located less than 20 feet from any side lot line, or less than 70 feet from the property line on any golf course or lake property, or less than 50 feet from any rear lot line, except if building set back lines so indicate on the recorded plat, or with the prior written approval of the Architectural Committee.

***** Article 18 *****

GENERAL REQUIREMENTS

A. Before any house may be occupied it must be completely finished on the exterior; all of the yard which is visible from any street must be planted with grass or have some ground cover approved by the Architectural Committee.

B. Containers for garbage or other refuse shall be kept in sanitary enclosures (above or below ground) so as not to be accessible to animals or visible off-property when any such enclosure is shut and they shall be maintained under sanitary conditions. Incinerators for garbage, trash or other refuse shall not be used.

C. No building, fence, mail box, outside lighting, newspaper box, screen planting or

other improvements shall be erected, placed or altered on any building site until the building plans, specifications and plot plans showing the location of such improvements on the building site have been approved in writing as to conformity and harmony of external design, and external materials with existing structures in the area and as to locations with respect to topography, lake, golf course, finished ground elevation and neighboring structures by the Architectural Committee.

D. Outside clothes lines are not permitted.

E. Appurtenant private structures will be permitted only on written approval of the Architectural Committee.

F. No fence, wall hedge or mass planting shall be permitted to extend beyond the minimum building set-back line established herein or within 70 feet of the rear lot line or within 70 feet of the maintenance easement line of the Lake Trace, except upon the approval by the Architectural Committee.

G. No commercial-oriented signs (for example: For Sale signs, construction or landscaping contractor signs) shall be permitted on any improved or unimproved lot without the prior approval of the Architectural Committee.

H. All lots subject to these Covenants shall be used as single family residential building sites only. No commercial, obnoxious, or offensive activity shall be carried on upon any property, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. This restriction does not preclude the use of a portion of a residence as a "home office" or "crafting" or similar "small business".

I. Adequate off street parking shall be provided by each building site for the parking of automobiles and other vehicles possessed by the owner or occupant. The owners or occupants shall not park on the streets of this POA overnight, or permit such parking by their guests or contractors. The use of property for visible outside storage of vehicles not registered in Carolina Trace, or that lack valid DMV registration, is prohibited.

J. For the purpose of avoiding an unsightly or undesirable waterfront, no boathouse, bathhouse, private dock, pier, raft or landing site or other structure shall be erected or maintained at or upon the shoreline of any building site having water frontage or upon land under water in front of such building site, excepting where special written permission is granted by the Architectural Committee and the Carolina Trace Country Club. The Architectural Committee will only give permission for such structure if the structure does not in any way distract from the natural beauty of the lake.

K. All owners shall keep their building sites or lots and the lake or Carrs Creek bank adjacent thereto, if any, free of tall grass, undergrowth, dead trees, construction debris, trash and rubbish. All owners shall properly maintain their property so as to present a pleasing appearance, maintain the proper contour of the lake or Carrs Creek bank, prevent erosion and insure proper drainage. If in the opinion of the Architectural Committee, an owner of any lot does not properly maintain their property, building site or lot, then the Architectural Committee (after notifying the property owner) may have the required work done and the costs thus incurred in performing the work shall be paid by the owner.

L. No trailer, basement (unless said basement is part of a residence erected at the time), tent, barn or other outbuilding shall be erected or placed on any building site covered by these covenants, except as specifically permitted therein.

M. No animals or poultry of any kind, other than house pets, shall be kept or maintained on any part of said property. The Association may pass rules and regulations with respect to house pets. Kennel operations will not be permitted. A kennel is defined as more than three domestic house pets of the same species.

N. No commercial enterprises may be conducted nor trade materials or inventories stored upon the premises. No boats, trailers, buses, recreational or commercial vehicles, or tractors may be stored or regularly parked on the premises except in garages, or well screened enclosures.

O. A perpetual easement, privilege and right for utility sewer line or water line, on, in and under a ten (10) foot strip along the Interior side lot line of each building site, and on, in and under a thirty (30) foot strip along the shore line of Lake Trace is hereby reserved and given to Carolina Trace Utilities, Inc. for itself and its successors and assigns. In addition, all property owners shall have an easement, privilege and right to private utility access lines that may cross adjacent common or private property. These easements will be controlled and regulated by the Architectural Committee.

P. When new construction takes place, the home must be connected to the central sewer system. (Local health officials will not issue a new home septic permit in an area which has a sewer system, as connection to that system is in the public interest.) When an existing home not so connected is sold or transferred, the home must be connected to the central sewer system *unless* the total cost of doing so would exceed the cost of replacing the existing septic system (that cost simply used as a reasonable benchmark). Further, in the event that a private septic system requires major repair or replacement, if the cost of such repair or replacement is more than the *total* cost that would be incurred

for connecting to the central sewer system then such connection must be made.

Q. Every effort must be made to preserve as many mature trees as possible in order to maintain the North Shore's natural beauty and prevent erosion. The removal of **all** living trees (clear cutting) from any lot without prior written approval of the Architectural Committee is prohibited.

R. Drainage and Erosion Control:

1. Natural existing slopes, grades and drainage shall be maintained to the fullest extent possible. Drainage from roofs, driveways and other improvements shall be directed to existing drainage swales and natural water courses.

2. Each lot owner is responsible for assuring that changes to their property do not cause any drainage or erosion problems to the adjoining properties, roads, or common lands. The Architectural Committee, after consulting with the Roads and Drainage Committee, shall notify a lot owner when they determine that corrective work is required to address drainage problems. The lot owner shall either arrange to have the necessary work done or request a hearing before the Due Process Panel described in Bylaws Article X. Because drainage and erosion problems can adversely impact the property of others, failure to resolve them in a reasonably expeditious manner may cause the Board of Directors to have corrective work done and assess the lot owner for its cost, in accordance with Article 9(B).

3. All construction that significantly disturbs the land must comply with the NC Sedimentation and Erosion Control Program. The contractor must have a plan for control of construction site erosion and sedimentation approved by the applicable local government agency. All of its measures must be put in place and approved before any site grading can begin. During construction the contractor shall check all required measures (e.g., silt fences and barriers, swales, sediment traps, etc.) weekly, and also after any rain exceeding one-half (1/2) inch in 24 hours. If any features are found non-complying, remedial action must be taken without delay.

***** Article 19 *****

AMENDMENT AND TERMINATION

A. This Declaration may be amended in full or in part at any time upon the affirmative vote or written agreement signed by lot owners of lots to which at least sixty-seven percent (67%) of the votes in the association are allocated, provided that no amendment shall

alter any obligation to pay community expenses and/or common expenses, as herein provided, or affect any lien for the payment of same. Amendments become effective only upon being duly recorded in accordance with G.S. 47F-2-117(c). Recording shall be in the Office of Register of Deeds of Lee County, North Carolina, and a marginal entry of same shall be signified on the face of this document. Copies are to be made available to Members upon request and may be in electronic form when agreeable to the Member.

B. 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.

C. No action taken by a Member or non-member that abridges the autonomy of the Association shall be valid unless approved by the Board of Directors.

***** Article 20 *****

CAPTIONS AND TEXT CONVENTIONS

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine, and the neuter to include the masculine and feminine.

***** Article 21 *****

LIBERAL CONSTRUCTION

The provisions of this Declaration shall be constructed liberally to effectuate its purpose of creating a Subdivision of fee simple ownership of Lots and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an Owners' association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners.

***** Article 22 *****

GENERAL

- A. If the parties hereto, or any of them or their heirs, successors or assigns, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning any real property situated in Carolina Trace and which is subject to these or substantially identical covenants to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant, and either to prevent it, her, him, or them from so doing or to recover damages or other dues for such violation.
- B. Where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed.
- C. The Board of Directors shall submit to the membership for their approval by majority vote any proposal to sell or otherwise dispose of any North Shore common property facility.
- D. Any lots owned by the Association have no voting rights and are not included when computing the percentage of votes obtained in favor of any question balloted.
- E. In the event of any conflict between the requirements of this Declaration and those contained in the Bylaws, this Declaration has precedence and shall prevail.

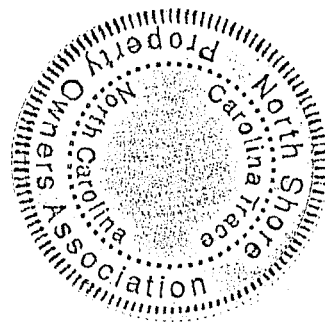
NORTH SHORE PROPERTY OWNERS ASSOCIATION

By: *R. P. Johnson* (SEAL)
R. P. Johnson, President

ATTEST:

Donald Karrer
Donald Karrer, Secretary

(CORPORATE SEAL)



STATE OF NORTH CAROLINA

ACKNOWLEDGMENT

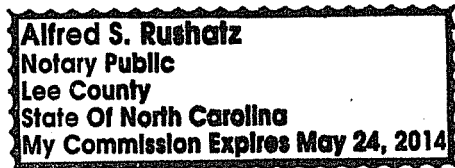
COUNTY OF LEE

I, ALFRED S. RUSHATZ a Notary Public of the County and State aforesaid, certify that Donald Karrer personally came before me this day and acknowledged that he is Secretary of North Shore Property Owners Association, a North Carolina non-profit 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 and attested by him as its Secretary.

Witness my hand and official stamp or seal, this 7 day of March, 2010.

Alfred S. Rushatz
Notary Public

[Notarial Seal]



My commission expires: 5/24/2014