

STATEMENT OF RESERVATIONS, RESTRICTIONS,
TAXES AND ASSESSMENTS

Developer's IRS Number: 56-1195147
 Owner's IRS Number: 56-1195147

Name of Developer: Carolina Lakes Corporation
 Address: Box 2250
 Sanford, North Carolina 27330

Owner: Carolina Lakes Corporation
 Address: Box 2250
 Sanford, North Carolina 27330

Name of Subdivision: Carolina Lakes
 Location: Approximately 14 miles southeast of Sanford, North Carolina

Number of Lots in Subdivision: Not Determined
 Number of Lots in this Offering: 358
 Number of acres in Subdivision: 1,200 acres
 Number of acres in this offering: 350 acres

RESERVATIONS AND RESTRICTIONS

The Reservations and Restrictions applicable to Carolina Lakes have been recorded in Book 693, at Pages 777-781, as recorded in the Office of the Register of Deeds, Harnett County, North Carolina.

The Reservations, Restrictions and Covenants are attached in their entirety as Exhibit A to this Statement of Reservations, Restrictions, Taxes and Assessments.

TAXES

- (1) All taxes through 1979 have been paid.
- (2) Taxes are a lien on the property from the beginning of the year, January, 1980, although taxes are not due and payable until September 1, 1980. They are past due after December 31, 1980 and thereafter carry penalties.
- (3) Real estate taxes for the year 1980 were listed during the month of January, 1980 and are not due and payable until September 1, 1980. Each lot will have an assessed value, all to be determined by the Harnett County Tax Department and will be assessed on the basis of 100% of the appraised value of said lots. The tax rate for the year 1980 is estimated to be on the basis of \$1.05 per \$100.00 tax value. For each year after 1980, taxes will be listed in January. The tax rate will be set in July of each year and taxes are due and payable on September 1, 1980. They are past due after December 31, 1980 and thereafter carry penalties.
- (4) It is estimated that on the basis of \$1.05 per \$100.00 assessed value, estimated tax will be approximately \$100.00 per lot.

ASSESSMENTS

- (1) The Restrictions provide for an initial annual assessment of \$96.00 per unimproved lot and \$144.00 per improved lot. The assessment will be payable to the Carolina Lakes Property Owners' Association which is in the process of being organized. The Board of Directors of the Carolina Lakes Property Owners' Association may increase or decrease the assessment according to need.
- (2) The Architectural Committee pursuant to the Restrictions may assess a property owner who fails to keep his building site or lot free of tall grass, undergrowth, dead trees, trash and rubbish. In the event an owner does not properly maintain his building site or lot in the opinion of the Architectural Committee, then such work may be done and the costs incurred in performing the work shall be paid by the owner.
- (3) There are no itemized assessments or dues other than set out herein.

THE OFFERING IN WHICH YOU ARE PURCHASING ONE OR MORE LOTS HAS QUALIFIED FOR EXEMPTION FROM THE INTERSTATE LAND SALES FULL DISCLOSURE ACT. THEREFORE, YOU WILL NOT HAVE THE BENEFIT OF ANY REMEDIES UNDER THE ACT.
 NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS REAL ESTATE.

RESERVATIONS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that Carolina Lakes Corporation, Box 2250, Sanford, North Carolina, the owner/developer of Carolina Lakes in Harnett County, North Carolina, approximately 14 miles Southeast of Sanford, North Carolina, and more fully represented and delineated on a plat dated June 30, 1979 and recorded in Map Book 23, pages 92 thru 98, hereby covenants and agrees on behalf of itself, its successors and assigns, with persons who shall hereafter purchase their lots as shown on the aforesaid plat of Carolina Lakes Sub-division their heirs and assigns, as follows:

1. **ARCHITECTURAL CONTROL:** The architecture of Carolina Lakes homes 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". The Architectural Committee will be composed of three persons designated and appointed by the developer for a period of one year from the date of the first sale. After this period of time members of the Architectural Committee will be appointed by the Board of Directors of the Carolina Lakes Property Owners' Association. In the event the Architectural Committee fails to approve or disapprove plans or locations of home on a lot within thirty (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. Members of such Architectural Committee shall not be entitled to any compensation for services performed pursuant to this covenant. The Architectural Committee shall have the right to hire an outside consultant and charge the property owner for the consultant's fee and necessary administrative expenses incurred.

2. **APPROVAL OF BUILDING:** No house, building, garage, carport, playhouse, outbuilding, fence, mail box, outside lighting, newspaper box, screen planting, decks, 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 complete final plans and specifications showing the nature, kind, shape, height, materials, basic exterior finishes and colors, location and floor plan thereof, and showing front, side and rear elevations thereof and the name of the builder, have been submitted to and approved by the Architectural Committee, its agents, successors and /or assigns, as to conformity and harmony of exterior design and general quality with the existing structures of the neighborhood and as to location in relation to surrounding structures and topography.

3. **APPROVAL OF BUILDERS:** Any builder of any home upon any property subject to this Declaration must, before beginning construction of each such home be approved by the Architectural Committee as to financial stability, building experience and ability to build homes or other structures of the class and type of those which are to be built on the property subject to this Declaration. No person shall be approved as a builder by the Architectural Committee unless such person obtains his income primarily from construction of residences. No lot owner will be permitted to act as his own builder or contractor except where such owner obtains his income primarily from the construction of residences and otherwise meets the qualifications for approval by the Architectural Committee as hereinabove set forth.

4. **BUILDING LOCATION:** No building of any kind, including garages, shall be located on any building site less than 35 feet from the front lot line, and no building shall be located less than 10 feet from any side lot line, or less than 40 feet from the maintenance easement line of any lake or the property line on any golf course property, or less than 20 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 any variance to these requirements by the Architectural Committee.

5. **USE OF PROPERTY:** All lots shall be used for residential purposes exclusively. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single family dwelling not to exceed two (2) stories in height not including basement, and one (1) small one-story accessory building which may include a detached private garage and provided the use of such dwelling or accessory building does not overcrowd the site and, provided that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. Provided further that no structure shall be a used structure moved onto the lot.

6. **HOUSE SIZE REQUIREMENTS:** The enclosed, heated, living area (exclusive of garages, carports, porches, terraces, private yards, bulk storage and basements) of one story, two story and split level dwellings shall cover a ground area of not less than 1,000 square feet.

The term "enclosed heated living area" as used in these minimum size requirements shall mean the total enclosed area within a dwelling; provided, however, that such term does not include garages, boat sheds, terraces, decks, open porches, and like areas.

7. **TEMPORARY STRUCTURES:** No structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling house. The design and color of structures temporarily placed on a lot by a contractor or subcontractor shall be subject to the reasonable aesthetic control of the Architectural Committee. No trailer, tent, barn, tree house or other similar out-building or structure shall be placed on any lot at any time, either temporarily or permanently.

8. **PROHIBITED USAGE:** No noxious or offensive trade or activity shall be carried on upon any building site, nor shall anything be done thereon which may be or become any annoyance or nuisance to the neighborhood.

9. OCCUPANCY: Not more than one (1) family can occupy the property for a period of more than thirty (30) days. Family is defined as persons related by blood or marriage.

10. PROPERTY OWNERS' ASSOCIATION: Every person or entity who purchases any lot in Carolina Lakes Subdivision by acceptance of title shall become a member of the Carolina Lakes Property Owners' Association, provided that any such person or entity who holds such ownership or interest merely as security for the performance of an obligation shall not be a member. Carolina Lakes Corporation will appoint the initial Board of Directors of the Property Owners' Association, which shall consist of three directors. One year from date of the first sale Carolina Lakes Corporation will relinquish control of the Property Owners' Association. At that time, an election will be held to elect a new Board of Directors. Each lot owner will be entitled to one vote, will be given 30-day notice of meetings, and a majority of the property owners voting in person or by proxy shall determine the outcome of any election. The developer's vote in the election shall be at least one less than the number needed to decide the outcome of the election, regardless of the number of lots the developer still owns at the time the control is to be relinquished.

The purpose of the Carolina Lakes Property Owners' Association is for it to preserve the value of common areas of the subdivision, promote the recreation, health, safety and welfare of the property owners and engage in such other activity as may be to the mutual benefit of the property owners, and further, for the improvement, maintenance, administration and upkeep of the various areas reserved for the use of the property owners, as well as all private roads, lake basin and dam area, irrespective of whether the privileges of using such areas are exercised or not.

Each lot and lot owner in the subdivision shall be subject to an annual assessment. The initial annual assessment is \$96.00 per unimproved lot and \$144.00 per improved lot. The amount of the assessment may after consideration of current maintenance cost and future needs be increased by majority vote as hereinbefore set out. If such assessments are not paid when due, then such assessment shall become delinquent and shall, together with interest thereon and costs of collection thereof, become a continuing lien on the property enforceable by the Carolina Lakes Property Owners' Association.

11. GENERAL REQUIREMENTS: The shape, style, compatibility, size and materials used and type of construction of homes shall be approved by the Architectural Committee in accordance with the following:

a. All houses will be built according to the basic plans and specifications provided by Carolina Lakes Corporation and any and all changes to the exterior of the houses must be approved by the Architectural Committee prior to construction.

b. Before any house may be occupied it must be completely finished on the exterior; all of the yard must be planted with grass or have other ground cover approved by the Architectural Committee. All houses must be completed within one year of commencement of construction of the house.

c. No commercial sign, including "for rent" or "for sale" and other similar signs, shall be erected or maintained on any lot by anyone.

d. Each owner shall keep his building site or lot free of tall grass, undergrowth, dead trees, trash and rubbish and property maintained so as to present a pleasing appearance. In the event an owner of any lot does not properly maintain his building site or lot, as above provided, in the opinion of the Architectural Committee, then the Architectural Committee may have the required work done and the costs thus incurred in performing the work shall be paid by the owner. The Architectural Committee must give the lot owner 10 days to correct the maintenance problem prior to having the work done.

e. Each lot owner shall provide a screened area to serve as a service yard and an area for the storage of garbage receptacles, clothes lines, and fuel tanks or similar storage receptacles. Plans for such screen delineating the size, design, texture, appearance and location must be approved by the Architectural Committee prior to construction. Garbage receptacles and fuel tanks may be located outside of such screened area only if located underground. Garbage and trash receptacles shall be in complete conformity with sanitary regulations.

f. Each lot owner shall provide space for parking two licensed motor vehicles, including pick-ups, 4-wheel drive vehicles, and/or boats permitted to be used on property, but not including other trucks, motor homes or recreation vehicles, off the street prior to occupancy of any dwelling constructed on said lot. No trucks, buses, camping trailers, motor homes, or tractors may be stored or regularly parked on the premises except in garages or well screened enclosures. No vehicle or boats may be parked or stored on unimproved lots.

g. No trade materials or inventories may be stored upon any premises.

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

i. No animals or poultry of any kind, other than house pets, shall be kept or maintained in any part of said property. Kennel operations will not be permitted. A kennel is defined as housing for three or more animals.

j. Only one antenna mast will be permitted not to exceed 15 feet above the highest ridge of the house to which it is attached. All such antennas must be attached to the house. No towers shall be allowed.

k. No trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without written approval of the Architectural Committee. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the property.

l. In order to implement effective insect and fire control, the Architectural Committee has the right to enter upon abutting and neighboring properties adjacent to such forests, wildlife preserves, natural reservations or sanctuaries or other open areas and open spaces, and such entrance shall not be deemed a trespass.

m. In order to retrieve an errant golf ball, a golfer lawfully using the Golf Course in the subdivision has the right to enter a private lot in the subdivision to retrieve the golfer's ball. Such entrance for the purpose of retrieving the golf ball shall not be deemed a trespass, provided such golf ball may be recovered without damaging any flowers, shrubbery or other property in general of the owner of any such lot. The golfer must pick up his ball and return to the designated boundaries of the golf course before playing a shot. The golfer is prohibited from playing a shot off a private lot.

n. For the purpose of avoiding an unsightly or undesirable waterfront, no boathouse, bathhouse, private dock, pier, raft, or landing state 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. The Architectural Committee will only give permission for such structure if the structure does not in any way detract from the natural beauty of the lake.

12. A 10 foot easement is reserved perpetually along any lot line to construct, maintain and use telephone, electrical, water, sewer and other utility lines and connections.

13. Declarant expressly reserves to itself, its successors and assigns, the right to re-plat any two (2) lots in any section of the subdivision prior to their sale in order to create a modified building lot or lots, provided that no lot originally shown on the recorded plat be reduced more than twenty (20%) per cent from its original size.

14. LIEN: Should the owner of any lot fail to pay the Carolina Lakes Property Owners' Association for any of the costs or fees within sixty (60) days of the accrual of any such cost or fee, the Carolina Lakes Property Owners' Association shall have the right to file a notice of lien in the Office of the Clerk of Court of Harnett County, North Carolina, and process the same as provided by North Carolina law.

15. TERM: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them until December 1, 2008, at which time said covenants shall be automatically extended for successive period of ten (10) years unless by vote of a majority of the then owners of the residential building sites covered by these or substantially identical covenants, it is agreed to change said covenants in whole or in part.

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 Lakes 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.

IN TESTIMONY WHEREOF, Carolina Lakes Corporation has caused this instrument to be executed in its corporate name, by its President, attested by its Secretary, with its corporate seal hereunto affixed, all by authority duly given of its Board of Directors.

CAROLINA LAKES CORPORATION

By: s/ William J. Brinn, Jr.
President

ATTEST:
s/ J. Kenneth Eason
Secretary

NORTH CAROLINA
LEE COUNTY

This 27th day of August, 1979, personally came before me, Ann Blakely, a Notary Public in and for said County and State, J. Kenneth Eason, who, being by me duly sworn, says that he knows the common seal of Carolina Lakes Corporation and is acquainted with William J. Brinn, Jr., who is the President of said Corporation; and that he, the said J. Kenneth Eason, is the Secretary of said Corporation and saw the said William J. Brinn, Jr., President, sign the foregoing instrument, and saw the said common seal of said Corporation affixed to said instrument by the said William J. Brinn, Jr., President, and that he, the said J. Kenneth Eason, Secretary, signed his name in attestation of the execution of said instrument in the presence of said William J. Brinn, Jr., President of said Corporation.

Witness my hand and notarial seal this 27th day of August, 1979.

My Commission Expires:
7-10-88

s/ Ann Blakely
Notary Public

Seal: Ann Blakely
Notary Public
Lee County, N.C.

North Carolina — Harnett County
The foregoing certificate(s) of Ann Blakely Notary Public (notaries Public) is/are certified to be correct. This instrument was presented for registration and recorded in this office at Book 693 page 777-781.
This 27 day of Aug., 1979 at 2:49 o'clock P.M.

s/ Flora J. Milton
Register of Deeds — Ass't. Deputy

NORTH CAROLINA
HARNETT COUNTY

I, Flora J. Milton, Register of Deeds for Harnett County, do hereby certify that this is a true copy of that certain restrictions registered in Book 693 pages 777-781 of the Public registry of Harnett County.

Witness my hand and official seal this 27 day of Aug 1979.

(SEAL) s/ Flora J. Milton
Register of Deeds
Harnett County, N.C.