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**STATE OF NORTH CAROLINA
 COUNTY OF BRUNSWICK
 DECLARATION OF RESTRICTIVE COVENANTS
 Arboretum Community Association
 122 Flowering Bridge Path
 Caswell Beach, NC 28465**

THIS DECLARATION OF RESTRICTIVE COVENANTS, made as of this 14th day of December 1988, by The Caswell Partnership, a North Carolina Partnership comprised of BVI Financial Corporation, managing partner and JPH Industries, Inc., hereinafter called "DEVELOPER." The common property of the DEVELOPER was transferred to the Arboretum Community Association, hereinafter called the "Association," on September 22, 1995.

WITNESSETH:

THAT WHEREAS, the Association is the owner of certain lands located in Brunswick County, North Carolina, known as The Arboretum and containing approximately 50 + acres, more or less; and

WHEREAS, DEVELOPER had subdivided a certain portion of said land into building homesites and caused plats of the portion of lands so subdivided to be recorded in the office of the Register of Deeds, Brunswick County, North Carolina in Map Cabinet T at Pages 141, 142, and 143; and

WHEREAS, said plats, three (3) in number, are entitled "The Arboretum," are dated November 10, 1988, and were prepared by McKim and Creed Engineers, P. A., Wilmington, North Carolina; and

WHEREAS, the homesites shown and designated on the plat herein referred to are hereby made subject to the restrictions and covenants herein set forth and declared:

- a. For purposes of insuring the best use and most appropriate development and improvement of the described homesites.
- b. To protect the owners of the homesites in The Arboretum against any improper use that will impair or depreciate the value of their property and/or other homesites in The Arboretum.



- c. To guard against poorly designed and proportioned structures and structures built of improper or unsuitable materials.
- d. To preserve, so far as practical, the natural beauty of The Arboretum.
- e. To insure harmonious color schemes.
- f. To encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on said building sites and to secure and maintain proper setbacks from streets, and adequate free space between structures.
- g. In general, to provide adequately for a high type and quality of improvement on said property and thereby to enhance the value of investments made by purchasers of homesites therein.
- h. To provide a method for the maintenance, repair, and replacement of the roads, recreational amenities, and other open areas of The Arboretum.

NOW, THEREFORE, the Association declares that the homesites shown and designated on the plat referred to herein shall be held, transferred, sold, and conveyed subject to these restrictive covenants:

1. No building, fence, or other structure shall be erected, placed, or altered on any homesite until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives, and parking areas), and construction schedule shall have been approved in writing by the Association's Architectural Review Committee (ARC). The ARC may refuse to approve plans, specifications, or location upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Association shall be deemed sufficient. No alterations in the exterior appearance of any building or structure shall be made without like approval of the ARC. The ARC shall have ten (10) days to initially respond to an application, and then if necessary an additional 20 days to approve or disapprove any plans. ARC decisions can be appealed to the ARC and the Board.
2. a. All homesites shall be used for residential purposes exclusively. No structure, except as hereinafter provided, shall be erected, altered, placed, or permitted to remain on any homesite other than one (1) detached, single-family dwelling not to exceed two-and-one-half (2.5) stories in height and one (1) small accessory building, which may include a detached private garage and/or servant's quarters--provided the dwelling unit and accessory building do not overcrowd the site and, provided further, that such building is not used for an activity normally conducted as a business. The small accessory building must match the primary dwelling on the site in both appearance and construction. This includes, but is not limited to, a concrete slab or matching foundation, and matching materials, windows, doors, roof pitch, and siding or brick. Such accessory building may not be constructed prior to beginning construction of the main dwelling unit. A detached private garage is an accessory building. A landscaping plan must be submitted and approved in advance by the Architectural Review Committee.
2. b. No business ventures are permitted in The Arboretum, with the exception of a "home business" carried on entirely within the main residence:
 - i. The business use shall be clearly incidental to the residential use of the dwelling and shall not change the essential residential character of the dwelling.
 - ii. No mechanical equipment shall be installed or used other than what is normally used for home residence.
 - iii. Use of the dwelling for the home business shall be limited to 25% of one floor of the main residence. No special space may be designed or arranged for the business.
 - iv. No one other than a resident shall be employed in connection with the home business.

- v. No display of products or services shall be visible from the street or any neighbor's property.
- vi. A home business may not be conducted if it requires additional traffic and parking by transient customers, clients, or invitees in excess of that needed for residents.

2. c. A homesite owner may lease/rent his or her property, provided that the lease/rental agreement is for a minimum of twelve (12) months. A homesite owner shall also have the right, subject to the rules and regulations of the Association, to assign an individual lessee/renter as the designated user of an Arboretum membership. During any lease/rental, the homesite owner shall be responsible for paying dues and assessments, and shall also be responsible for all damages to The Arboretum facilities caused by the lessee/renter. No subleases are permitted. Rent-back agreements as part of a property sale may be for a shorter term.

3. A guest suite or like facility may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided such guest suite would not, in the Association's sole opinion, result in overcrowding the site.

4. No plans shall be approved unless the proposed structure will have the minimum required square footage of enclosed dwelling area. As a general rule the minimum requirements for single-story dwellings shall be one thousand six hundred (1,600) square feet and no two-story dwelling shall be allowed that has a ground floor area of less than one thousand two hundred (1,200) square feet. The Association reserves the right, in its sole and absolute discretion, to waive the minimum stated only in the event the characteristics of a particular homesite warrant such waiver. In no event shall approval be given for a dwelling containing less than one thousand four hundred (1,400) square feet of enclosed dwelling area. The term "enclosed dwelling 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; and that shed-type porches, even though attached to the house, are specifically excluded from the definition of the aforesaid term "enclosed dwelling area." The term does include, however, screen porches, if the roof of such porches form an integral part of the roofline of the main dwelling or if they are on the ground floor of a two-story structure.

5. Since the establishment of standard, inflexible building setback lines for location of dwelling units on homesites tends to force construction of houses both directly behind and directly to the side of other dwelling units with detrimental effects on privacy, views, preservation of trees, etc., no specific setback lines are established by these covenants, provided, however, that the minimum setbacks established by the municipality in which the homesite is located shall be adhered to. In order to assure that location of dwelling units will be staggered where practical and appropriate, so that the maximum view and breeze will be available to each home, and that the structure will be located with regard to the topography of each individual homesite, the location of trees, and similar considerations, the Association reserves the right to control absolutely and solely the decision as to precise site and location of any dwelling or other structure upon all and any homesites. Provided, however, that such building location shall be determined only after a reasonable opportunity is afforded the homesite owner to recommend a specific site, but the Association shall not be compelled to approve the location recommended by the homesite owner unless, in the Association's sole discretion, it complies with the requirements of this provision.

6. The exterior of all structures must be completed within one (1) year after construction of the structure shall have commenced, except where such completion is impossible or would result in great hardship to the homesite owner or building due to strikes, fires, national emergency, or natural calamities. No earth, stone, or gravel from foundation work shall be allowed to remain on the homesite in an unsightly manner.



7. All landscaping plans, including proposed placement and construction of driveways and walkways, must be submitted to and approved by the Association's Architectural Review Committee. Refusal or approval of landscaping plans may be based on any grounds, including purely aesthetic considerations.

8. It shall be the responsibility of each homesite owner to prevent the development of any unclean, unsightly, or unkempt condition of buildings or grounds on any homesite, which conditions shall tend to substantially decrease the beauty of the neighborhood.

9. No noxious or offensive activity shall be carried on upon any homesite, nor shall anything be done thereon tending to cause embarrassment, discomfort, nuisance, or annoyance to the neighborhood. There shall not be maintained any plant, device, or thing of any sort whose normal activity or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the other property in the neighborhood by the homesite owners thereof.

10. In order to balance the concern for aesthetic appearances within the subdivision and the right of individual property owners to advertise their property for sale, there shall be no commercial signs of any kind in The Arboretum except as provided herein. A professionally prepared "for sale" or "for rent" sign may be placed on a homesite, provided the sign's dimensions are no more than 12 inches in height and 24 inches in length. The sign shall be attached to a post not more than 4 inches in width and not more than 36 inches in height. The sign and post shall be made of wood or any other material approved by the Board of Directors. Lettering shall be no more than 3 inches in height. The color of the sign post, sign, and lettering shall be uniform throughout the subdivision and established by the Board of Directors. Only the words "for sale" or "for sale by owner" or "for rent" or "for rent by owner" shall be allowed on any sign along with a telephone number to contact. Also, a real estate company logo not to exceed 24 square inches in size may be attached to the surface of any sign, provided the logo does not exceed the sign's perimeter.

Contractor or subcontractor signs may be placed on a homesite during construction and must be removed when the certificate of occupancy is issued. These signs shall be made of wood or other material approved by the Board of Directors and shall be attached to a wooden post. The size, color, and lettering shall be similar to the sizes and colors allowed in the preceding paragraph for "for sale" signs. A builder or contractor name may appear on the sign in letters not larger than 3 inches in height. A builder or contractor logo not to exceed 24 square inches may be attached to the surface of the sign, provided it does not exceed the sign's perimeter.

Although approval of the Board of Directors is not required prior to display of any sign, the Association or any of its officers, agents, or committees may enter any homesite for the purpose of removing any sign that does not comply with this restriction after verbal or written notice to the property owner or his or her agent of the violation.

All legally required signs such as building permits, foreclosure notices, etc., shall be allowed to be posted.

11. Each homesite owner shall provide space for parking two (2) automobiles off the street prior to occupancy of any dwelling constructed on any homesite in accordance with reasonable standards established by the Association.

12. Each homesite owner shall provide receptacles for trash, in a screened area not generally visible from the street or a similar facility in accordance with reasonable standards established by the Association.

13. No structure of a temporary character shall be placed upon any homesite at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling unit, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or

permitted to remain on the homesite after completion of construction. The design and color of structures temporarily placed on a homesite by contractors or subcontractors shall be subject to the reasonable aesthetic control of the Association. No trailer, tent, barn, or other similar outbuilding or structure shall be placed on any homesite at any time, either temporarily or permanently.

14. Each homesite owner must construct a garage, either detached from or attached to the main structure, and having sufficient space to house at least one (1) automobile. The location and exterior color or finish of said garage shall be subject to the Association's approval.

15. No fuel tanks or similar storage receptacles may be exposed to view, and they may be installed only within the main dwelling unit, accessory building, garage, or a screened service area, or buried underground.

16. All tree removal, whether existing or planted by the homesite owner, must comply with ARC procedures.

17. No homesite shall be subdivided, or its boundary lines changed, except with the written consent of the Association. The restrictions and covenants herein apply to each such homesite so created.

18. The Association reserves for itself and its agents the right to enter upon any homesite upon which a residence has not been constructed and upon which an approved landscaping plan has not been implemented, for the purpose of mowing, clearing, cutting, or pruning underbrush, weeds, or other unsightly growth, or removing any trash that in the opinion of the Association detracts from the overall beauty, safety, and setting of The Arboretum. The provisions of this paragraph shall not be construed as an obligation on the part of the Association to mow, clear, cut, or prune any homesite, nor to provide garbage or trash removal services.

19. No boats, trailers, nor recreational or commercial vehicles shall be parked on any homesite except in an enclosed garage.

20. No clotheslines or similar structures shall be allowed upon any homesite.

21. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in or on any property within The Arboretum, except that dogs, cats, or other usual household pets may be kept by their respective homesite owners on their respective property.

22. The maximum impervious built upon surface area per homesite within The Arboretum shall be limited in accordance with Title 15 NCAC 2H.1000 *et seq* of the Coastal Stormwater Regulations. The allowable maximum built upon surface area per homesite shall not exceed four thousand eight hundred seventy-one (4,871) square feet. This provision shall inure to the benefit of the State of North Carolina and may be enforced by same.

23. Each owner of a homesite within The Arboretum shall be a member of the Arboretum Community Association, a non-profit corporation comprised of all owners of property within The Arboretum. In accordance with the Bylaws of said Association, the DEVELOPER has deeded all recreational amenities, roads, and other property within The Arboretum except individual homesites as shown on the above referenced plat to the Arboretum Community Association. The administration, operation, maintenance, repair, and restoration of said amenities, roads, and property shall be vested in the Association. The Association and its Board of Directors shall have all of the powers, rights, and obligations of corporations organized under the laws of the State of North Carolina. Membership in the Arboretum Community Association is appurtenant to and inseparable from ownership of a homesite in The Arboretum and shall be automatically transferred upon any authorized transfer or assignment of ownership interest in said homesite to any transferee or assignee in accordance with the Association Bylaws. The



Association membership, and any rights and duties arising therefrom, shall otherwise be non-transferable, whether by gift, bequest, assignment, or otherwise.

Each owner of property within The Arboretum, by acceptance of his deed of conveyance of an interest in same or by accepting the transfer, conveyance, or an assignment of an interest in same, shall be deemed to have covenanted and agreed, for each homesite owned, to pay the Association the assessments set out in the Bylaws of the Association. The use of said assessments shall include, but not be limited to, the following purposes:

- a. To maintain, landscape, and repair private streets (except those located within a privately owned homesite), walkways, tennis courts, clubhouse, swimming pool, and like community areas.
- b. To provide funds necessary to pay taxes on said common areas, including a prorational share of taxes on the beach front tract located between Caswell Dunes Condominiums and the Atlantic Ocean and containing 10+ acres to be owned and held for the use and benefit of persons or entities who have acquired or who hereafter acquire fee simple title to any part or portions of the real property described in the deeds of trust recorded in Deed Book 497 at Page 758 and Page 791 of Brunswick County, North Carolina, which includes The Arboretum, Caswell Dunes Condominiums, Ocean Greens, and Ocean Greens Condominiums, and that certain contiguous parcel of land.
- c. To provide a fund for pest control when needed.
- d. Generally to provide a fund for those services important to the development, operation, administration, repair, and preservation of an attractive community, and to further maintain the privacy and the general safety of The Arboretum.

The amount of said assessment and provisions for collecting same shall be determined in accordance with the Bylaws of said Association.

24. The Association expressly reserves to itself, its agents, or assigns any other provisions in this Declaration, notwithstanding the right to build any bridges, walkways, or fixed spans across any or all natural or manmade canals, creeks, ponds, or marshy areas in The Arboretum. Nothing in this paragraph shall be construed as placing an affirmative obligation on the Association to provide or construct any bridge, walkway, or fixed span, unless such shall be specifically shown or designated on the recorded plat of The Arboretum or section of homesites referred to and incorporated in the deed of conveyance to the grantee homesite owner asserting such affirmative obligation to the grantor.

25. The Association reserves unto itself, its successors, and assigns, a perpetual, alienable, and releasable easement and right on, over, and under the ground to erect and maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, cable television, or other public conveniences or utilities, on, in, or over the rear ten (10) feet of each homesite and ten (10) feet along one (1) side of each homesite, and in and over the streets and roadways and such other areas as are shown on the applicable plat. The Association further reserves the right to cut drain ways for surface water wherever and whenever such action may appear to the Association to be necessary in order to maintain reasonable standards of health, safety, and appearance. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety, and appearance. It further reserves the right to locate wells, pumping stations, and tanks within residential areas, on any walkway, or any residential homesite designated for such use on the plat, or to locate same upon any homesite that it may own or upon any homesite with the



permission of the owner of such homesite. Such rights may be exercised by any licensee of the Association, but this reservation shall not be considered an obligation of the Association to provide or maintain any such utility or service.

26. The Board of Directors created an Architectural Review Committee (ARC) to uphold and enforce the Restrictive Covenants, standards, policies, procedures, and practices of the Association pertaining to ARC matters.

27. The Association expressly reserves the right to impose additional restrictive covenants upon The Arboretum, provided the same are not inconsistent with and do not lower the standards of the restrictions as herein provided.

28. If any provision of these covenants should be void or become unenforceable at law or in equity, the remaining provisions shall nevertheless be and remain in full force and effect.

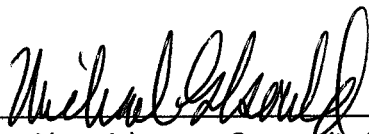
29. The Restrictive Covenants set forth above shall run with the land and shall be and remain binding upon the purchasers thereof, their heirs, executors, administrators, successors, and assigns.

30. If the owner of any homesite shown on the herein referred to plat, or any person having any interest in any of said homesites, shall violate or attempt to violate any of the covenants herein, the Association, or any owner of any homesite or any interest in said homesite shown on said plat, shall have the right to prosecute any proceedings in law or in equity against the person or persons or entity violating or attempting to violate said covenants.

31. The Covenants are to run with the land and shall be binding upon all parties and all persons claiming under them for a period to twenty-five (25) years from the date these covenants are originally recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument approved by a two-thirds (2/3) majority of the then owners of the homesites has been duly recorded, agreeing to change said covenants in whole or in part.

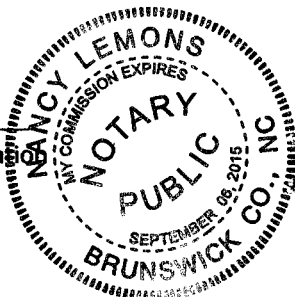
32. The Articles of Incorporation, Bylaws, and attached December 1, 1989, Addendum to the Restrictive Covenants are incorporated herein and, together with these Restrictive Covenants, form the legal documents governing the property and operation of the Arboretum Community Association.

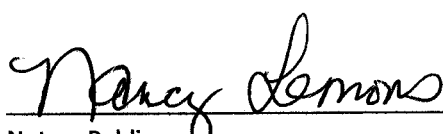
Authenticating the approval of two-thirds (2/3) majority of the property owners and the execution and filing of this document:



President, Arboretum Community Association
Date: 12/5/14

Brunswick County, North Carolina





Notary Public

My commission expires: 9/9/2015



**STATE OF NORTH CAROLINA COUNTY OF BRUNSWICK
ADDENDUM TO DECLARATION OF RESTRICTIVE COVENANTS
Arboretum Community Association
122 Flowering Bridge Path
Caswell Beach, NC 28465**

THIS DECLARATION OF RESTRICTIVE COVENANTS, made as of this 19th day of October 1989, by The Caswell Partnership, a North Carolina Partnership comprised of BVI Financial Corporation, managing partner, and JPH Industries, Inc., hereinafter called "DEVELOPER:"

WITNESSETH:

WHEREAS, DEVELOPER is the owner of certain lands located in Brunswick County, North Carolina, known as The Arboretum and containing approximately 50 +/- acres, more or less;

WHEREAS, DEVELOPER has previously subdivided that certain portion of said land lying in the township of Caswell Beach into homesites and has caused plats of said land to be recorded in the office of the Register of Deeds, Brunswick County, North Carolina, in map cabinet T at Pages 141, 142, and 143;

WHEREAS, the homesites shown and designated on said plats were made subject to that certain Declaration in the office of the Register of Deeds, Brunswick County, North Carolina, on December 19, 1988, in Book 755 at pages 173 through 182;

WHEREAS, DEVELOPER has now subdivided that certain portion of said land known as The Arboretum and lying in the township of Yaupon Beach, North Carolina, into homesites and caused plats of said land to be recorded in the Office of the Register of Deeds, Brunswick County, North Carolina, in Map Cabinet U at page 132;

WHEREAS, said plats in number are entitled "The Arboretum Final Plat Phase II" are dated October 19, 1989, and were prepared by McKim and Creed Engineers, P. A., Wilmington, North Carolina;

WHEREAS, the homesites shown and designated on said plat are hereby made subject to the restrictions and covenants herein set forth and declared:

- a. The homesites are hereby made subject to that that certain Declaration of Restrictive Covenants filed in the office of the Register of Deeds, Brunswick County, North Carolina, on December 19, 1988, in Book 755 at pages 173 through 182.
- b. No driveway, roadway, or other passage for vehicular traffic connecting Alyssum Avenue or Mimosa Place to Pebble Beach Drive or St. Andrews Drive may be constructed or allowed to exist on any homesite, nor shall any homesite be used as a thoroughfare, either public or private, between The Arboretum and the Town of Yaupon Beach. This provision shall be perpetual.

IN WITNESS WHEREOF, DEVELOPER, THE CASWELL PARTNERSHIP, has caused this instrument to be executed in its name this 1st day of December 1989.

THE CASWELL PARTNERSHIP
By: BVI Financial Partnership
Its Managing General Partner
Signed – Robert O. Wray
Robert O. Wray, President