

BOOK 0997 PAGE 0722

NORTH CAROLINA, FRANKLIN COUNTY

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Martha D. Shearin
Martha D. Shearin, Register of Deeds

By: Kay S. Hunt, Asst

RESTRICTIVE COVENANTS

FOR

MILL CREEK SUBDIVISION, PHASE V, MAP 3

These Restrictive Covenants made and executed this 16 day of JUNE, 1994, by FARMLAND ASSOCIATES LIMITED PARTNERSHIP, a North Carolina Limited Partnership, with its principal office and place of business in Franklin County, North Carolina, hereinafter sometimes referred to as the "OWNER".

RECITALS

WHEREAS, the Owner is the fee simple owner of certain real property located in Youngsville Township, Franklin County, North Carolina, and being all lots as shown on a plat of a survey recorded in C-3, 1994-134, of the Franklin County Registry and desires to provide for the orderly development of a residential community thereon.

WHEREAS, the Owner desires to subject the Property to the restrictions hereinafter set forth for the benefit of the Property and each owner of portions thereof.

NOW, THEREFORE, the Owner hereby declares the Property is and shall be held, transferred, sold, conveyed, occupied and used subject to the covenants, conditions, and restrictions hereinafter set forth, such covenants, conditions and restrictions to run with, bind and burden the Property for and during the period of time hereinafter specified.

A. Architectural Restrictions

1. No building, structure, outbuilding, fence, wall or improvement of any nature whatsoever (except for interior alterations to existing structures not affecting the external structure or appearance of any improvement on any portion of the Property) shall be constructed on the Property unless and until the plans for such construction shall have been approved in writing by the Owner or its successor or legal agent. The plans submitted to the Owner for approval shall include (i) the construction plans and specifications, including all exterior colors and proposed landscaping and grading, and (ii) a plat showing the location of all proposed improvements. No construction shall begin and no portion of the Property shall be graded except in accordance with such approved Plans or a modification thereof that has also been approved by the Owner as required herein.

2. Lots shall be used for residential purposes only and no plans shall be approved for the erection, alteration, placing or permitted to remain on any lot any building other than one detached single-family dwelling not to exceed two stories in height, exclusive of basement, a private garage of not more than two cars and one other structure used in connection with said dwelling provided that any such structure shall be designed, constructed and maintained in keeping with the style and design of the building and as approved by the Owner or its successors or legal agent. No plans for any dwelling nor shall any dwelling be permitted unless it shall have at least 1,000 square feet of living space exclusive of porches, garages and terraces.

3. No plans shall be approved nor shall any building be erected which shall have an exterior finish on the building or the exposed foundation of cement block type material.

BOOK 0997 PAGE 0723

4. No building, structure, outbuilding or other improvement shall be constructed on the Property except by conventional construction, and no single or doublewide mobile home or dwelling shall be erected on the Property; provided however, a pre-cut building may be erected upon the Property with the approval of the Owner or its successor or legal agent.

5. Approval of the plans by the Owner shall be based upon compliance with the provisions of these Restrictions, the quality of workmanship and materials, harmony of external design with surrounding structures, location of improvements with respect to topography and finished grade elevation, the effect of the construction on the outlook from surrounding portions of the Property, the effect of the proposed construction on the natural tree growth and vegetation and all other factors which in the sole opinion of the Owner shall affect the desirability or suitability of the proposed improvements.

6. Approval or disapproval of applications to the Owner shall be given to the applicant in writing within thirty days of receipt thereof; in the event the approval or disapproval is not forthcoming within thirty days, unless an extension is agreed to by the applicant in writing, the application shall be deemed approved and the construction of the applied for improvements may be commenced provided that all such construction is in accordance with the submitted plans and provided further that such plans conform in all respects to the other terms and provisions of these Restrictive Covenants.

7. Approval by the Owner shall not constitute a basis for liability of the Owner for any reason including without limitation: (i) failure of the plans to conform to any applicable building codes or (ii) inadequacy or deficiency in the plans resulting in defects in the improvements.

8. The Owner, at its sole option, reserves the right to waive its rights of architectural approval in part or in full. Upon full waiver of its rights, these rights shall be transferred to the owners of property in the subdivision.

B. General Restrictions

1. No lot shown on a plat of subdivision of the Property ("Lot") shall be used except for single family residential purposes and for purposes incidental thereto, except for model homes utilized by builders. Only one residence shall be constructed on a Lot; provided, however, that outbuildings and other improvements may be constructed if approved by the Owner as hereinbefore provided.

2. Construction of a dwelling shall be started within one (1) year after date of closing and shall be completed within six (6) months after the beginning of the construction. All construction shall comply with all building codes applicable to the area. No construction shall commence until a building permit has been issued by the appropriate parties. Only North Carolina licensed contractors shall be allowed to build in the subdivision.

3. Any and all wiring for any purposes servicing any part of this lot shall be installed underground.

4. Property is subject to a contract with Wake Electric Membership Corporation for installing and maintaining street lighting, which requires monthly payments to Wake Electric Membership Corporation by the Owner of each dwelling.

5. No double-wide homes, mobile homes, trailers, basement, tent, shack, garage, barn or other outbuildings shall be used at any time as a residence, either temporarily or permanently or allowed to remain on a lot for any purpose. In addition, no other

BOOK 0997 PAGE 0724

type structure of any temporary character whatsoever shall be used as a residence, either temporarily or permanently.

6. Adequate off street parking shall be provided by the Owner of each lot for the parking of automobiles owned by such Owner, and Owners of lots shall not be permitted to park their automobiles, boats, campers, travel trailers or any other vehicles on the streets in the subdivision.

7. No inoperable motor vehicles shall be allowed to remain on the street or on any lot for more than thirty (30) days.

8. No sheds, objects, equipment or vehicles other than registered cars shall be allowed in the front yard of any lot and each property owner shall properly maintain the lot so as to present a pleasing appearance.

9. No satellite systems, signs, or billboards shall be erected or maintained on the premises other than real estate signs during the sale and construction during the construction period. No sign shall exceed two feet in width and two feet in height. No trade materials or inventories may be stored or regularly parked on the premises. No business activity or trade of any kind shall be conducted on any lot except that an office may be maintained in any residence if there is no client or customer traffic to that office; however, a model home may be maintained on the subdivision for the use by builders and sales agents in furthering the sale of lots and property in the subdivision.

10. All trash and garbage must be disposed of by a method approved by the Franklin County Health Department or through a duly franchised waste disposal service operating in Franklin County. No dumping and/or storage of unsightly objects such as but not limited to disabled cars shall be permitted on the property.

11. No obnoxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance, nuisance or danger to the neighborhood.

12. No animals of any kind shall be raised, bred or kept on any Lot, except that dogs, cats and other household pets may be kept, provided: (i) they are not raised, bred or kept for commercial purposes and (ii) they shall not become an annoyance or nuisance or danger to other Lot owners and (iii) for the purposes of this restriction, horses shall not be considered household pets.

13. No Lot shall be used as an access to other lots or used as a through street without the written consent of the owners, their heirs, assigns, devisees or duly authorized agent.

14. Easements for utilities and drainage are reserved as shown on the plat and the right is reserved to Owner or Owners, their successors or assigns, to establish and grant any additional easements along any streets or lot lines for the purpose of furnishing utilities in or through said subdivision.

15. These covenants and restrictions are to run with the land and shall be binding on all parties and persons claiming under them for a period of ten (10) years from the date hereof and cannot be altered or changed prior to that date without the written consent of the Owner, their heirs, assigns, devisees or their duly authorized agent. After that time, said Covenants shall be automatically extended for successive 10-year periods and unless an instrument signed by the majority of the then owners of said lots has been recorded, agreeing to change said covenants in whole or in part.

BOOK 0997 PAGE 0725

16. Invalidation of one of these Covenants or any part thereof by Judgement or Court order in no way affects any of the other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce the violation of any of these Covenants and Restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such Covenants in the future.

17. Enforcement of these covenants shall by proceedings at law or in equity against any person or persons violating or attempting to violate any covenants. Such action may be either one to restrain a violation or to recover damages or for an affirmative Order of Court to remove any existing violation.

18. The Owner reserves the right to recombine lots into other lots and to amend any maps and change, alter and delete these Restrictive Covenants as may be necessary from time to time for the successful development of the subdivision.

19. No building shall be located on any lot nearer than ten (10) feet to any side lot line, twenty-five (25) feet to any rear lot line and thirty (30) feet to any front lot line. For the purpose of this restriction, eaves, steps and cornices shall not be considered as a part of the building.

20. No mailboxes should be allowed in the subdivision except a black metal box placed on a single wooden pole of natural wood color.

IN TESTIMONY WHEREOF, the Owner has executed the foregoing Restrictive Covenants, this the 16 day of JUNE, 1994.

FARMLAND ASSOCIATES LIMITED
PARTNERSHIP, a North Carolina
Limited Partnership

By: Ursula R. Young (SEAL)
Ursula R. Young, President
Farmland, Inc.
General Partner

ATTEST:

Thorsten Beyer
Thorsten Beyer, Secretary
(CORPORATE SEAL)

NORTH CAROLINA, FRANKLIN COUNTY
The annexed certificate of Phyllis L. Davis,
a Notary Public is certified to be correct.
This the 16th day of June, 1994.

Martha D. Shearin
Martha D. Shearin Register of Deeds

By: Kay S. Hunt, Asst

STATE OF NORTH CAROLINA

COUNTY OF FRANKLIN

I, Notary Public of the aforesaid County and State, do hereby certify that Thorsten Beyer personally came before me this day and acknowledged that he is the Secretary of Farmland, Inc. a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and notarial seal, this the 16 day of June, 1994.

Phyllis L. Davis
Notary Public

My Commission expires: 7-13-97
(SEAL)