

right of the Association to enforce such provision under other circumstances or stop the Association from enforcing any other covenant, restriction or rule.

Section 13.6 Enforcement by Owner: Nothing set forth in this Article 13 shall prevent any aggrieved Owner from instituting any available remedy in law or in equity for a violation of the Association Documents.

Section 13.7 No Waiver. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

Section 13.8 No Waiver by Declarant. The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

Section 13.9 Attorneys' Fees. In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court, but in no event shall any Owner be entitled to such attorneys' fees except as otherwise provided in the Act.

ARTICLE 14

USE RESTRICTIONS

Section 14.1 Business Use Prohibited. No trade, business, profession or other type of commercial activity shall be carried on upon any Lot, except that the Declarant, real estate brokers, Owners and their agents may show Lots for sale or lease. Notwithstanding the foregoing, the Declarant and the agents and employees of each, shall have the right to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and its own general business offices; (ii) maintain fluorescent-lighted or spot-lighted model homes which may be open to the public for inspection seven (7) days per week for such hours as the Declarant deems appropriate or necessary; (iii) conduct any other activities on Lots to benefit sales efforts; and (iv) use the parking facilities on the Common Elements for parking for its employees and invitees.

Section 14.2 Use of Accessory Structures. No tent, shack, barn, car port, metal awnings, metal utility sheds or other building, other than a Dwelling Unit, shall be erected on a Lot, and used temporarily or permanently as a residence, nor shall any such structure be used for any other purpose. Notwithstanding the foregoing, the Declarant, may use temporary buildings, offices or facilities in connection with the marketing, sale and construction of Dwelling Units.

Section 14.3 Maintenance of Improvements. Each Owner shall maintain in good condition and repair all improvements constructed upon such Owner's Lot, including, without limitation, the Dwelling Unit. No Owner shall change the exterior design or color of the Dwelling Unit on such Owner's Lot, including the roof thereof, except in compliance with Article 11 hereof.

Section 14.4 Storage: Clothes Hanging. No Lot or Common Elements shall be used for the storage of rubbish. Outside clothes hanging devices shall not be permitted.

Section 14.5 Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot or the Common Elements, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No automobile or other vehicle mechanical repairs or like activity shall be conducted within the Property other than in a garage and concealed from public view.

Section 14.6 Lawns and Lawn Maintenance. Each Lot on which there is a completed Dwelling Unit shall be maintained in a neat condition by the Owner thereof or, as appropriate, the Association. "Neat" shall require, at a minimum, that the lawn be regularly cut and fertilized and that mulched areas be regularly re-mulched and kept weeded so that its appearance is in harmony with the neighborhood. No Owner shall allow the grass on a Lot to grow to a height in excess of six (6) inches, measured from the surface of the ground. All improved Lots must have grass lawns; no gravel or similar type lawns are permitted.

In the event that the need for maintenance, repair or replacement of the lawns is caused by the willful or negligent act of the Lot owner, his family or invitees, and specifically the failure to water the lawn, the cost of such maintenance, repair or replacement shall be added to and become a part of the assessment to which Lot is subject.

Section 14.7 Failure to Maintain. If an Owner fails to maintain the Lot or the improvements thereon, the Association, after giving such Owner at least ten (10) days' written notice, shall be authorized to undertake such maintenance at the Owner's expense. By accepting title to his Lot, each Owner shall be deemed to grant access upon the Owner's Lot and Dwelling Unit for such purpose and such entry shall not constitute a trespass. If such maintenance is undertaken by the Association or Declarant, the charge therefor and all costs of enforcement and collection shall be secured by a lien against the Lot as provided in Article 8 hereof.

Section 14.8 Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of cats, dogs, and other household pets may be kept provided they are kept within the residence or within an enclosed area concealed from public view and are not kept, bred, or maintained for any commercial purposes or become a nuisance to the neighborhood. No person owning or having custody of an animal shall allow the animal to stray or go upon another Owner's Lot without the consent of such other Owner. No animals shall be permitted on or in the Common Elements at any time except as permitted by the rules and regulations of the Association or by applicable law. All animals shall be on a leash when outside the Owner's Dwelling Unit. The Owner shall be responsible for cleaning all droppings from their animals. The association shall have the right to expel animals from the community for the Owners continuing violation(s) of the governing documents.

Section 14.9 Signs. No signs shall be displayed on any Lot with the exception of one "For Sale" or "For Rent" sign not exceeding 36" x 24" in size and signs with the maximum dimensions of 24 inches by 24 inches expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than forty-five (45) days before such election and shall be removed within seven (7) days after such election. The Association may develop uniform sign standards and specifications to which all Owners must adhere. No sign of any kind shall be displayed in or on the Common Elements without the prior written consent of the Association. Notwithstanding the foregoing, Declarant shall have the right

to erect and maintain signs of any type and size on any Lot which it owns and on the Common Elements, in connection with the development and sale of the Lots.

Section 14.10 Water Retention Areas. The Association shall be responsible for maintaining those portions of the storm water drainage system which are within the Common Element which are not maintained by another municipal, state or private entity, including the water quality and quantity standards of the approved plans, to the extent required by law. A drainage easement is hereby dedicated to the Association for the purpose of maintaining the storm water system to meet water quality and quantity design standards of the approved plans and any future governmental laws, rules or regulations.

Each Owner of a Lot which borders a water retention area shall maintain any portion of that Owner's Lot lying within a retention area free of debris but shall not remove any wetlands species or do anything that would affect adversely water quality within the water retention area.

Swimming and bathing in water retention areas are prohibited. Docks or other structures shall not be erected in water retention areas without the prior written consent of the Association. All other uses of water retention areas shall be subject to the prior written approval of the Association and such rules and regulations as the Association may adopt from time to time.

Section 14.11 Vehicles, Boats and Trailers. No vehicle of any kind shall be parked on any Lot. No truck or vehicle used primarily for commercial purposes (other than those temporarily present on business) and no recreational vehicles or campers, and no trailer may be parked within the Property. No vehicle not in operable condition and validly licensed may be kept on the Property. No boats or boat trailers may be kept on the Property. For the purpose of the preceding sentence, the term "kept" shall mean present for either a period of more than forty-eight (48) hours. The Association shall have the right to tow or remove any boat, trailer, or vehicle of any type which is parked within the Property or kept on any Lot in violation of this section, at the owner's expense, and the owner of each Lot, by acceptance of their deed, does grant to the Association such an easement on, across, and upon their Lot as may be necessary to enforce the provisions set out in this section.

Section 14.12 Walls, Fences, and Hedges. All walls, fences, planters and hedges shall be controlled strictly for compliance with this Declaration and architectural standards established by the Declarant or the ARC.

No wall, fence, planter or hedge shall be erected or maintained on a side lot line forward of the rear exterior corners of the main residential structure located on a lot. For the purpose of this provision the rear exterior corner of the main residential structure excludes bay or box windows, chimney structures or any other similar appendage.

No perimeter wall, fence, or hedge, other than those installed by Declarant shall be erected and maintained on a side lot line from a point located at the rear of exterior of the main residential structure, backward to the rear property line on a Lot and along the rear property line of the Lot.

On corner lots, side yard fences must be set back from the side property line a minimum of one-half (1/2) of the side building line setback shown on the plat. In no event shall the fence be located forward of the rear exterior corner of the main residential structure.

Section 14.13 Antennae and Roof Structures. No radio or other electrical towers, aerials, antennae, or other devices of any type for the reception or transmission of radio broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

An antenna permissible pursuant to rules adopted by the Association may be installed only if it is approved by the Association pursuant to Article 11 hereof.

Section 14.14 Visual Obstructions at the Intersections of Public Streets. No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by the junction of street curb lines and a line

connecting them at points twenty-five (25) feet from the junction of the street curb lines (or extensions thereof) shall be placed, planted or permitted to remain on any corner lots.

Section 14.15 Leased Dwelling Units. An Owner may lease or sublet his Dwelling Unit; provided, however, that any lease or sublease must be for at least six (6) months, in writing and contain the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration For GREYFOX RUN HOLLOWES AND WOODLANDS, recorded in the applicable public registry for Pitt County, North Carolina. Tenant acknowledges that he has received of a copy such Declaration-and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease. Owner shall furnish the Association a copy of any leases or subleases of his Dwelling Unit.

Section 14.16 Minimum Size of Dwelling Units. All Dwelling Units constructed on any Lot shall have a minimum of 1000 square feet of enclosed dwelling area. The term "enclosed dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling, provided, however, that such term does not include garages, terraces, decks, open porches, and like areas; provided, further, that shed type porches, even though attached to the house are specifically excluded from the definition of the aforesaid term "enclosed dwelling area".

Section 14.17 Seasonal or Holiday Decorations. Seasonal or Holiday Decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be removed from each Lot or Dwelling Unit within a reasonable period of time after such holiday passes. The ARC has the sole discretion to determine what is a reasonable period of time for seasonal or holiday decorations to exist after the holiday passes and its determination shall be final.

Section 14.18 Deviations. Declarant at its independent sole discretion, is hereby permitted to approve deviations to restrictions in Article 14 in instances where in its judgment, such deviation will not adversely affect the development of the Property as a whole. Such approvals must be granted in writing and when given will automatically amend these restrictions for that certain Lot only.

Section 14.19 Window Coverings. All drapes, curtains or other similar materials hung at windows so as to be visible from outside the home shall be of a white or neutral background material.

Section 14.20 Exterior Lights. All light bulbs or other lights installed in any fixture located on the exterior of any Improvements shall be clear, white or non-frosted lights or bulbs. Light wattage and placement shall be approved by the ARC.

Section 14.21 Service Utilities, Fuel Tanks, Wood Piles, Trash. All service utilities, fuel tanks, wood piles and trash and garbage containers are to be enclosed within a fence, wall or plant screen of a type and size approved by the Declarant, or the ARC, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision.

Section 14.22 Flags. Subject to Section 47F-3-121 of the Act, the design, materials and location of all flags, flag poles, flag staffs, shall be approved by the ARC prior to installation or display pursuant to the approval requirements of Article 11 of this Declaration.

ARTICLE 15

PARTY WALLS

Section 15.1 Laws of North Carolina to Apply; Easement. All matters arising in connection with any wall which would constitute a party wall at common law shall, to the extent consistent with the provisions of this Article, be subject to the common law of North Carolina as modified by statute from time to time and as modified by this Article. If the centerline of a party wall now or hereafter fails to coincide with the boundary between the Lots it serves, an easement for any resulting encroachment is granted in accordance with Section 5.4 and Section 5.5 hereof.

Section 15.2 Upkeep. The Owners of Lots served by a party wall shall provide for the Upkeep of party walls and shall share equally the cost of their Upkeep except as otherwise provided in this Article. No Owner shall impair the structural integrity of any party wall nor diminish the fire protection afforded by any party wall.

Section 15.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, the following procedures shall be followed in order to restore such party wall.

(1) Either Owner served by the party wall shall notify the other Owner served by the party wall of any proposal to repair the wall. If within ten (10) days after such notice (or in an emergency, within twenty-four (24) hours after such notice or a bona fide attempt to give such notice) the other Owner has not responded to the notice, then the Owner giving notice may proceed with the repairs. Such repairs must be substantially similar to the original construction and installation and of first class quality, but may be made with contemporary materials.

(2) If the other Owner served by the party wall responds to the notice, the Owners shall act together to repair the party wall. If the Owners are unable to agree upon the action to be taken, they shall submit the issue to arbitration in accordance with Section 15.5 hereof.

(3) If any Owner restores a party wall in accordance with this section, then the other Owner shall contribute one-half (1/2) of the cost thereof. An Owner may, however, demand a larger contribution from the other Owner or refuse to contribute one-half (1/2) of such costs, under any rule of law or equity regarding liability for negligent or willful acts or omissions.

(4) To the extent that any failure to repair a party wall affects the use and enjoyment of the Common Elements, the Association may participate in the repair of the party wall and, in an emergency situation threatening life or property, make such repair without notice to the Owners. The Association may assess the cost of such repair against the Owners responsible for the damage or benefiting from the repair pursuant to Section 8.2(3) hereof.

Section 15.4 Liability. Any Owner who by a negligent or willful act or omission causes or permits a party wall to be damaged shall pay the cost of restoring such party wall to its condition prior to such damage.

Section 15.5 Arbitration. In the event of any dispute between Owners concerning a party wall, the Owners on each side shall select one arbitrator, and the arbitrators

thus selected shall select one additional arbitrator. Arbitrators shall be qualified by experience and education to serve as such. Once selected, the arbitrators shall promptly agree upon and notify the parties of the discovery procedures and rules of evidence to be used in the arbitration. The arbitrators shall be requested to reach a decision within twenty (20) days after their appointment. The decision of a majority of the arbitrators shall bind the Owners and their successors in interest. The cost of arbitration shall be paid by the losing party unless the arbitrators determine that the cost should be otherwise allocated between the parties, in which case that allocation shall be binding.

Section 15.6 Fences and Other Barriers. The provisions of this Article pertaining to party walls shall also govern any fence, other barrier or shared improvement the Upkeep of which is not provided by the Association pursuant to Section 9.1 and Section 9.2 and to any replacement thereof authorized by the Architectural Committee.

Section 15.7 Right to Contribution Runs with Land. Rights and duties of contribution set forth in this Article and any such rights and duties arising under the laws of North Carolina shall run with the land and bind successors in interest. This Article shall not prejudice any right of a successor in interest to recover any amount from a predecessor in title for which such predecessor was liable. Any rights or contribution set forth in this Article shall constitute a lien in favor of any Owner entitled to contribution against any Owner obligated to pay such contribution. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. The lien created by this section shall be prior to all liens and encumbrances, except mortgages, real estate taxes and other charges levied by governmental authority made superior by law and the Association's lien established pursuant to Section 8.7 hereof.