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PHASE I

BOOK 1627 PAGE 738

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STATE OF NORTH CAROLINA
COUNTY OF JOHNSTON

DECLARATION OF RESTRICTIVE COVENANTS
AND ROAD MAINTENANCE AGREEMENT
OF OLE MILL STREAM SUBDIVISION

THIS DECLARATION AND AGREEMENT is made and executed on this 27th day
of August, 1997.

WITNESSETH:

Gattis Lee Enterprises, Inc. is the owner and developer of the lands hereinafter described,
herein referred to as "Declarant", and desires and places the restrictions hereinafter set forth
upon the lots in the real estate subdivision hereinafter described and upon the development,
improvement and use thereof.

NOW, THEREFORE, the Declarant, for himself and his successors and assigns, does
hereby covenant and agree with all persons, firms and corporations who or which may acquire
any interest in or title to any of the property hereinafter described, as an inducement to said
persons, firms, and corporations to purchase a part of the said property, that the property, and
each and every lot, described below, is hereby made subject to the following restrictive
covenants as to the development and improvement and use thereof, which covenants shall be
appurtenant to and run with the said land and with each and every lot by whomsoever owned.
The real property to which these restrictive covenants shall be applicable being described as
follows:

BEING all of OLE MILL STREAM, PHASE I, as depicted in Plat Book 50,
Page 247, Johnston County Registry.

ARTICLE I

Purpose. The real property hereinbefore described is subjected to the protective
covenants and restrictions hereby declare to insure the best use and the most appropriate
development and improvement of each lot thereof; to protect the owners of lots against such
improper use of surrounding lots as will depreciate the value of their property; to preserve, so far
as practicable, the natural beauty of said property; to guard against the erection thereof of poorly
designed or proportioned structures, and structures built of improper or unsuitable materials; to
obtain harmonious color schemes; to insure the highest and best development of said property; to
encourage and secure the erection of attractive homes thereon, with appropriate locations thereof
on lots; to prevent haphazard and inharmonious improvement on lots, to secure and maintain

THESE RESTRICTIVE COVENANTS RECORDED IN BOOK 1627, PAGE 738, ARE BEING
RE-RECORDED TO ATTACH THE EXHIBIT A.


Thomas S. Berkau 9/17/97

proper setbacks from streets and adequate free spaces between structures, and in general to provide adequately for a high type and quality of improvement in said property, and thereby to enhance the values of investments made by purchasers of lots therein. Nothing in this document shall be deemed to prohibit the conversion of a lot or any portion thereof to a street by the Declarant.

ARTICLE II

Architectural Committee. The initial Architectural Committee shall be composed of one person designated and appointed by the Declarant or such person, firm or corporation to whom Declarant has expressly assigned this right. At such time as the Declarant no longer owns any lots in the subdivision, the Architectural Committee shall be composed of three (3) persons, and a meeting may be called by the residents of the subdivision. At such meeting, the owners of each lot will have one vote. A quorum consisting of representation by a majority of the lot owners shall be required. At such meeting a majority vote of the lot owners represented will elect all three members of the Architectural Committee. The initial member of the Architectural Committee shall be W. Gattis Lee. The restrictions on any lot in the subdivision may be removed or waived only by the written consent of the Declarant or of the members of the Architectural Committee. (As long as the Declarant owns any lots in the subdivision, the Declarant shall have the absolute right, in his discretion, to remove and appoint members of the Architectural Committee.) This can be accomplished simply by the execution and recordation of a document, removing a member or members of the Architectural Committee and appointing a replacement or replacements.

ARTICLE III

Section 1: Land Use and Building Type. No lot shall be used except for single family residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any lot other than one detached single family dwelling not to exceed three (3) stories in height, a private garage for not more than three (3) cars, and (with the approval of the Architectural Committee) an accessory building or structure for storage or other appropriate residential uses, as set out below.

Section 2: Dwelling Size. No one-story dwelling shall be permitted on any building lot which dwelling has a ground heated floor area of the main structure, exclusive of basement, porches and garages, of less than 1800 square feet of finished living area. No one and one-half story or split level dwelling shall be permitted on any building lot unless such dwelling has a heated floor area exclusive of basement, porches, garages, and storage areas of not less than 1800 square feet of finished living area with a minimum of 1000 square feet of finished living area on the first floor. No dwelling with two or more full stories of finished living area shall be constructed on any building lot having less than 1800 square feet of heated, finished living area exclusive of basement, porches, garages and storage areas with a minimum of 900 square feet of finished living area on the first floor. No dwelling constructed on any building lot shall be built with less than a two (2) car garage.

Section 3. Building Design. No building (including an accessory building or structure and a garage), shall be erected, placed or altered on any premises in said development until the building plans, specifications and plat showing the location of every such building, have been approved in writing as to conformity and harmony of external design with existing structures in the development, including without limitation, proposed exterior materials and colors, and as to location of the building with respect to topography and finished ground elevation, by the Architectural Committee. (In the event the Committee fails to approve or disapprove the design or location within thirty days after the plans and specifications have been submitted to it, or in any event, if no suit to enjoin the erection of any such building or the making or 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) No mobile home, shell home, modular home, log home and pre-fabricated home shall be erected or permitted on any lot. Furthermore, other than this, the Architectural Committee shall have absolute discretion in making the decisions under this Section.

Section 4: Accessory Buildings. Owners shall secure Architectural Committee approval prior to construction of any accessory building, including sheds, or permanently installed playhouses. A detached garage is not considered an accessory building, and its construction shall require Architectural Committee approval on a case-by-case basis. Accessory buildings shall meet the following criteria:

1. An accessory building must be of the same color, material, and architectural style as the main residence or of color, material, and style that is generally recognized as complimentary to that of the main residence. An accessory building's roofing materials shall match those of the main residence.
2. Any utilities servicing accessory buildings shall be installed underground.
3. Accessory buildings generally shall be located in the rear yard and must be screened by a fence or vegetation.

Section 5: Garages. Garages which are constructed independent from the home require Architectural Committee approval. Such garages shall be compatible with and complimentary to the main residence in architectural style, material, color and location. Review shall be made on a case-by-case basis.

Section 6: Building Location. No building, including an accessory building or structure or a garage, shall be located on any lot except in accordance with set back requirements set forth by the Johnston County Ordinance and the Ole Mill Stream subdivision plat.

Section 7: Antennae and Communication Dishes. One small and inconspicuous satellite dish antennae having a diameter of 18" or less, which is installed adjacent to any residence and is integrated with the residential structure and surrounding landscape, does not require approval. Such equipment shall be located only in side or rear yards. Alternatively, one satellite dish antennae having a diameter of more than 18" but not more than 40" may be installed on a lot if approved by the Architectural Committee on a case-by-case basis, and must

be located and screened as the Architectural Committee may require. Other satellite dish antennae having a diameter of more than 40", and all other microwave dish antennae, satellite dish antennae, exterior radio antennae, television antennae, or other electronic signal-receiving or transmitting equipment are prohibited, unless a variance is approved for such equipment by the Architectural Committee.

Section 8: Recombination of Lots. All lots as shown on the recorded map hereinbefore referred to are hereby approved. Adjustments may be made, however, in the line between any two lots so long as the area of any lot is not reduced by more than ten percent (10%) and so long as all other restrictions herein set forth are observed. Upon any recombination of lots, the setbacks and side line clearances from new lot lines shall be applicable and setbacks from former lot lines shall no longer be required. (Declarant reserves the right to recombine lots in a manner which may result in an increase in the number of lots above those existing when these covenants become effective.)

ARTICLE IV

Easements. The Declarant reserves the right to subject the real property in this subdivision to a contract with various entities for the installation of underground electric cables, the installation of street lighting, cable and pipe or the like and for water, sewer, electric, gas, cable tv, and similar services, some which may require an initial payment and/or a continuing monthly payment. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over each side and rear five (5) feet on each lot unless shown in excess of such distances on recorded plat, in which case the plat shall control. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE V

Section 1: Business, Manufacturing, Commercial and Professional Uses Prohibited, Nuisances Prohibited. No part of said property shall be used for business, manufacturing, commercial or professional purposes. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereof which may be or become an annoyance or nuisance to the neighborhood. (No trade materials or inventories (other than materials used for construction of dwellings or other approved structures on the lots) may be stored upon any lot) and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind may be stored, regularly placed, or allowed to remain on any lot (except that trash, leaves, tree limbs, materials for recycling pick-up and similar items may be kept or placed on a lot temporarily and only for such time as is reasonably necessary to enable the appropriate governmental or private entity to remove same from the lot, or such materials may be kept on a lot for use as a compost (provided that such materials used for this purpose are neatly

kept and are screened from view from any adjoining lot or street as approved by the Architectural Committee) and inoperable motor vehicles may be stored on a lot if the same are kept in an enclosed garage. Provided, however, trucks and/or other construction vehicles, materials and equipment may be allowed to remain on the property temporarily during construction of roads, utilities and other improvements in the project and during construction on a lot of a single-family residential dwelling and/or other improvements which have been approved for construction by Declarant or the Architectural Committee established by this Declaration (the temporary nature of the foregoing to be determined by the Declarant or by the Architectural Committee, when such right has been assigned by the Declarant to the Architectural Committee.) Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable environmental laws of any governmental entity having jurisdiction over the property may be kept or allowed to remain in or on the property at any time, except as may be required to effectuate removal of such prohibited materials and substances.

Section 2: Signs. No sign shall be erected or maintained on the premises other than temporary "for sale" signs which stands no more than four feet high, have dimensions of no more than two feet by three feet, and which is conservative in color and style. Temporary signs may be displayed only while the lot is for sale and must be removed when the property is no longer for sale. The installation or relocation of all other signs requires Architectural Committee approval.

Section 3: In-House Businesses. No business activity or trade of any kind whatsoever, which shall include but not be limited to the use of any residence as a trade or professional office of any kind, a fraternity house, a rooming house, a boarding house, an antique shop, gift shop or automobile repair shop shall be carried on upon any lot. No trade materials or inventories may be stored or regularly parked on the premises. In-house businesses may be conducted so long as (1) the business is conducted solely by the homeowners or occupants, (2) no outside signs or other advertisement is done and (3) the business is not visited by customers or suppliers.

ARTICLE VI

Temporary Structures. No structure of a temporary character, such as a shack, garage, barn or other outbuilding shall be used on any lot at any time as a dwelling house. Temporary structures, other than those used during the initial construction of a residence, are prohibited. Architectural Committee approval is required for tents other than camping tents that are used for occasional overnight sleeping by children and are left standing for 72 hours or longer.

ARTICLE VII

Section 1: Site Appearance During Construction of Dwelling. All sites must be maintained in a clean and orderly manner at all times. The storage of materials should be in an inconspicuous location within the site and stored neatly and orderly. All construction debris shall be cleared at the end of each working day.

Section 2: Conduct During Construction of Dwelling. The owner of any lot must ensure that all contractors and/or subcontractors control the conduct of their employees while working in Ole Mill Stream. Loud music, profanity and other behavior which is unbecoming of a quality operation will not be tolerated. Employees violating this policy may be asked to leave the premises and may be denied access at the construction entrance.

Section 3: General Appearance After Construction of Dwelling. The owners of all lots shall be responsible for keeping such lot mowed, trimmed and cleaned. Should any lot owner fail to maintain his or her property in a neat and clean and well mowed manner, then the Architectural Committee shall have such lot cleaned up and the owner of such lot shall be responsible for the costs incurred by the Architectural Committee in doing so. Garbage cans shall be kept in the back yard and shall not be visible from the street. All clothes lines are prohibited from being placed in the front and side of the home.

Section 4: Front Yard Maintenance and Mass Plantings. Each lot owner shall be responsible for maintaining the area between his front property line and the edge of the street or pavement (including his driveway and sidewalk). (No lot owner shall plant any vegetable garden in front of his dwelling or any mass planting on his lot except with the prior written approval of the Architectural Committee.)

Section 5: Grading. Owners shall not grade their property so as to interfere with the established drainage pattern over any property except as approved in writing by the Architectural Committee. Owners should work with the natural contours and seek solutions that minimize the impact of grading with respect to major alterations of existing grades.

Owners may create berms, slopes and swales for the purpose of defining space and screening undesirable views, noise and high winds. Grassed slopes or berms are suggested not to exceed three feet of horizontal distance to one foot of rise or vertical height (3 to 1 slope) in order to permit greater ease of mowing and general maintenance.

Section 6: Retaining Walls. All retaining walls require approval by the Architectural Committee. Such walls shall be properly anchored to withstand overturning fences. Stone walls shall be made thicker at the bottom than at the top to achieve stability. All retaining walls shall incorporate weep holes into the wall design to permit water trapped behind them to be released. Timbers for walls or other landscape use should be treated to resist decay. Walls shall not be located so as to alter the existing drainage patterns.

Section 7: Fences and Walls. Except as specifically approved in writing by the Architectural Committee: (i) no fence, wall or hedge shall be erected, placed or altered on any lot nearer to any street fronting such lot than the back building corner of the main dwelling constructed on such lot and shall not exceed six (6) feet in height; and (ii) unless written consent is given by the Architectural Committee. All fences on lots shall be maintained at all times in a structurally sound and attractive manner and in a good state of repair. All fences on lots shall be of wood, metal, masonry or other material approved by the Architectural Committee and no

fence shall be constructed, placed or allowed to remain on any lot until the owner thereof has obtained approval for such fence from the Architectural Committee.

Section 8: On-Street Parking. The Owner of each lot shall provide for adequate parking space on the lot for vehicles of all types and all other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) and regularly used by the residents of the single-family residence on the lot. No automobiles, trucks, vans, travel trailers, other trailers or any other apparatus designed for movement over and upon streets or highways (whether self-propelled or not) shall be parked on the streets within or adjoining the property, and trucks with tonnage in excess of one (1) ton shall not be permitted to park overnight on the streets, driveways or otherwise within the property, except that Declarant may allow such parking by any such vehicles used in connection with the construction of improvements with the property.

Section 9: Playhouses. A playhouse shall be considered an accessory building if it measures more than 24 square feet, is more than 6 feet high from peak to ground, or is constructed on a concrete slab or footing.

Section 10: Pools. Architectural Committee approval is required for the construction or installation of pools. Pools shall be an integral part of the deck or patio area and/or the rear yard landscaping. A pool shall be located in the rear or side yard, shall be installed in such a way that it is not immediately visible to adjacent property owners, and shall not create an unreasonable level of noise for adjacent property owners. Pools shall be fenced for safety purposes, and Owners may be required to install safety features such as locks or covers for these items when they are not in use. Above-ground pools are prohibited.

Section 11: Recreational Equipment. Installation of all basketball backboards, whether garage-mounted or freestanding pole-mounted, require Architectural Committee approval. Freestanding pole-mounted backboards are prohibited in the front yard, whether permanent or sleeve-set. The review of rear and side yard pole-mounted backboards shall be based upon, but not limited to, the following considerations: proximity of goal to property lines and proximity of goal to neighbors' living areas, landscaping and vehicles.

Approval is required for the installation of play and sports equipment taller than seven feet. Ten foot portable basketball goals may be permitted, provided such goals are stored out of view when not in use. Owner shall exercise consideration toward neighbors; any such equipment shall be set back a reasonable distance from adjacent property lines so as to avoid disturbance of neighbors. Treehouses are prohibited.

Section 12: Flagpoles. Flagpoles are not allowed. Decorative or seasonal flags must be mounted on the main residential dwelling and shall not exceed the roof line of the main residential dwelling.

Section 13: Gazebos and Greenhouses. Architectural Committee approval is required prior to the construction of any gazebo or greenhouse. Any gazebo or greenhouse must

be an integral part of the landscape plan and must not obstruct any adjacent property owner's view.

Section 14: Hot Tubs and Saunas. Architectural Committee approval is required for the installation of any hot tub, jacuzzi, sauna or spa. Any hot tub, jacuzzi, or spa shall be an integral part of the deck or patio area and/or the rear yard landscaping. A hot tub, jacuzzi, or spa shall be located in the rear or side yard, shall be installed in such a way that it is not immediately visible to adjacent property owners, and shall not create an unreasonable level of noise for adjacent property owners. Owners may be required to install safety features such as locks or covers for these items when such are not in use.

Section 15: Mailboxes. All mailboxes shall be uniform in appearance, height and location for each lot throughout the subdivision and shall be approved by the Architectural Committee prior to installation or replacement.

Section 16: Driveways. All driveways shall be paved and constructed out of concrete and shall have a minimum width to accommodate two cars. Owners shall secure Architectural Committee approval before extending or expanding any driveway.

ARTICLE VIII

Animals. No animals, livestock or poultry of any kind, shall be kept or maintained on any part of said property or in any dwelling except that dogs, cats or other household pets may be kept or maintained, provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Architectural Committee), such as, but without limitation, by number, noise, odor, damage, or destruction of the property or refuse, and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, and/or the County of Johnston relating thereto; and (ii) such rules and regulations pertaining thereto as the Architectural Committee may adopt from time to time. In no event shall more than two dogs and/or two cats be regularly kept on any lot, and all pets shall be confined to the owner's lot or on a leash if outside the owner's lot.)

ARTICLE IX

Road Maintenance. The Declarant shall be responsible for the construction and maintenance of the roads within the subdivision and shall insure that all such roads are in compliance with the Department of Transportation until such time as such roads are accepted by the Department of Transportation.

ARTICLE X

Section 1: Street Lighting. The Developer reserves the right to subject the real property in Ole Mill Stream to a contract with Carolina Power & Light Company for the installation of street lighting, which requires a continuing monthly payment to Carolina Power & Light Company by each residential customer.

Section 2: Exterior Lighting. Architectural Committee approval is not required for exterior lighting if lighting is installed in accordance with the following guidelines: Exterior lights shall be conservative in design and as small in size as is reasonably practical. Exterior lighting shall be directed toward the house and be of low wattage (limited to 2,000 lumens) to minimize glare sources to neighbors and other homeowners. Lighting for walkways generally must be directed toward the ground. Lighting fixtures shall be dark colored so as to be less obtrusive. Low voltage (12 volts) lighting is preferable to conventional house-voltage systems because of its safety advantages. Any deviation from the aforementioned guidelines or use of high-wattage spotlights, flood lights or ballasted fixtures (sodium, mercury, multi-vapor, fluorescent, metal halide, etc.) requires approval by the Architectural Committee. The Architectural Committee may take into consideration the visibility and style of the fixture and its location on the home.

ARTICLE XI

Expansion by the Declarant. Declarant may from time to time subject to the provisions of this Declaration all or any portion of the property described in the attached Exhibit "A" by filing a Supplemental Declaration in the Public Records describing the additional property to be subjected. A Supplemental Declaration filed pursuant to this Section shall not require the consent of any person except the owner of such property, if other than Declarant.

The Declarant's right to expand the real property covered by these Restrictive Covenants pursuant to this Section shall expire when all property described in Exhibit "A" has been subjected to this Declaration or twelve years after the recording of this Declaration in the Public Records, whichever is earlier. Until then, the Declarant may transfer or assign this right to any person who is the developer of at least a portion of the real property described in Exhibit "A". Any such transfer shall be memorialized in a written, recorded instrument executed by Declarant

Nothing in this Declaration shall be construed to require the Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "A" in any manner whatsoever.

ARTICLE XII

Term. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date on which this Declaration and Agreement is filed for registration in the Register of Deeds, after which period said covenants shall automatically be extended for successive period of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part; provided, however, that any such instrument must be recorded within a six month period preceding the end of the twenty-five (25) year period or a ten (10) year extension period.

