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J. LEE WARREN JR.
REGISTER OF DEEDS
CUMBERLAND CO., N.C.

Prepared by and Return to:

K. Douglas Barfield
2929 Breezewood Ave., Ste. 200
Fayetteville, N.C. 28303

NORTH CAROLINA
CUMBERLAND COUNTY

RESTRICTIVE COVEENANTS FOR
GRAYS CREEK VILLAS
PHASE THREE

THIS DECLARATION, made this the 20 day of November, 2007, by Cumberland Ventures, LLC, a North Carolina Limited Liability Company, with its principal place of business in Cumberland County, North Carolina, hereinafter referred to as "Developer"; Regency Homes, Inc., a North Carolina corporation, hereinafter referred to as "Regency"; Westan Homes, LLC, a North Carolina Limited Liability Company, hereinafter referred to as "Westan" and Stanley Construction Company, LLC, a North Carolina Limited Liability Company, hereinafter referred to as "Stanley";

WITNESSETH:

WHEREAS, Developer is the Developer of certain property located in Grays Creek Township, Cumberland County, North Carolina, which is more particularly described as follows:

Lots 5 through 18, inclusive, and Lots 90 through 95, inclusive, and lot 55 of the GRAYS CREEK VILLAS, PHASE 3, Subdivision, Book of Plats 112, Page 124, Cumberland County Registry, prepared by Allen-Allen & Associates, PA, this being a "Zero Lot Line" Subdivision, and which lots as shown on said recorded plat are hereinafter referred to as the "Lots".

For title reference, see deed dated November 17, 2006, recorded in Book 7426, page 890, Cumberland County Registry, from Joseph N. Callaway, Trustee in Bankruptcy to Cumberland Ventures, LLC.; and

WHEREAS, the parties to this instrument desire to revoke in their entirety a certain "Declaration of Covenants and Restrictions" being dated November 1, 2004, and recorded on November 2, 2004, in Book 6701, Page 300 of the Cumberland County, NC Registry (hereinafter the "Original Covenants") and all amendments thereof which said amendments are recorded in the Cumberland County, NC Registry and replace said covenants and amendments with a new set of covenants as set out herein; and

WHEREAS Regency is the owner of certain lots in the subdivision; and

WHEREAS Westan is the owner of certain lots in the subdivision; and

WHEREAS Stanley is the owner of certain lots in the subdivision; and

WHEREAS Regency, Westan and Stanley are joining in the execution of these covenants for the purpose of subjecting the lots previously purchased by them to these Restrictive Covenants

and consenting to the revocation of the Original Covenants;

NOW, THEREFORE, Developer hereby declares that all of the Lots described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property, and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

USE RESTRICTIONS

Section 1. Land Use. All lots in the tract known and described as residential lots shall be developed as zero lot line lots pursuant to Cumberland County ordinance, Appendix B, Subdivision Regulations, Section 3.24, as amended, or other applicable ordinance, and may be a variety of housing schemes in accordance with the zero lot line development ordinance, or a combination of such schemes except that only one single family residence or dwelling shall be permitted on any one lot, and no lot may, be used for an business purpose. Group family homes and/or child day care centers are prohibited.

Section 2. Building Type. No dwelling shall be erected, altered, placed or permitted to remain on any of said Lots other than one detached single-family dwelling not to exceed two stories in height and a private garage for not more than three cars and other outbuildings incidental to residential use of the lot. Such outbuildings erected, altered, placed or permitted shall be of the same quality, workmanship and material as the principal dwelling structure and will be erected and placed to the rear of the dwelling structure. All garages must be enclosed.

Section 3. Dwelling Size. No dwelling shall be erected or allowed to remain on any of the said Lots which shall contain a heated-area living space of less than one thousand one hundred (1100) square feet, of which not less than seven hundred (700) square feet shall be on the first or ground floor. Heated area living space shall mean the ordinary living space in a house, which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted.

Section 4. Set Back Requirements. Set back requirements shall be as provided by recorded plat consistent with the applicable ordinance. For the purposes of these covenants, eaves, steps and overhangs shall not be considered as a part of the building, provided however, that this shall not be construed to permit any portion of an improvement on a lot to encroach upon another lot.

Section 5. Plan and Site Plan Approval.

(a) No building, fence, or other improvement shall be erected, placed, altered, or allowed to remain on any Lot until the construction plans and specifications and a plan showing the location of the structure, fencing and other improvements on the individual Lot have been approved by Cumberland Ventures, LLC, or its designee, as to quality of workmanship and materials, harmony of external design with existing an proposed structures, and as to location with respect to topography and finished grade elevation.

(b) Prior to breaking ground for the initial construction of a dwelling house on any Lot, the owner of such Lot must submit

construction plans and specifications and a plan showing the location of the structure, fencing and other improvements on the individual Lot to Cumberland Ventures, LLC, or its designee, for architectural conformity and covenant approval. After the initial construction, the owner of any Lot prior to breaking ground for any ancillary or additional building, fencing, or any other structure on any Lot, must submit plans therefore to Cumberland Ventures, LLC, or its designee, for architectural conformity and covenant approval.

(c) In approving plans and specifications, Cumberland Ventures, LLC, reserves unto itself, or its designee, the discretion to require that all structures on each Lot shall be uniform in color, which may be beige, white, gray or any variation of said colors that exteriors may be all or partially brick, that the control of colors includes colors of the main body and also trim and shutter colors. The change of any colors of residences or other improvements on any Lot shall require the approval of Cumberland Ventures, LLC, or its designee.

Section 6. No Manufactured or Modular Housing. All structures on each Lot shall be of a type that is commonly known as "stick built". There shall be no off-site built manufactured homes or modular housing moved into or constructed or assembled in the subdivision.

Section 7. Driveways. All driveways must be constructed of concrete or brick or stone pavers or a combination of the two. No asphalt drives shall be permitted.

Section 8. Landscaping. Lawns will be properly graded and either seeded or sodden. Shrubbery and/or bedding materials shall be used adjacent to the foundation.

Section 9. Temporary structures. No trailer, tent, shack, garage, barn, outbuilding or similar type temporary structure shall be placed, erected or allowed to remain on said property without the written consent of Developer. No structure of a temporary character may be used as a residence temporarily, permanently, or otherwise.

Section 10. Restricted Activities. No commercial, noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done which may be or become an annoyance or nuisance to the neighborhood. Yard sales shall not be permitted at a frequency of more than one (1) every six months on any given lot.

Section 11. Animals. Except for domestic pets as herein provided, the maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited on any Lot. The keeping of not more than three (3) orderly domestic pets (dogs or cats or other animal commonly considered domesticated) shall be permitted; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Lot upon ten (10) days written notice from Developer, or its designee or the Association. All pets shall be inoculated as required by law. No dangerous dogs, including, but not limited to, pit bulls, rottweilers, Dobermans and chows, shall be permitted on the premises of any Lot of this subdivision unless a written waiver of this covenant from the Developer or the Association and all lots owners within a One Hundred foot radius of the center of the animal owner's lot is obtained. Any dog pens or any fenced area housing for dogs must be located behind the main structure and must be located within 30 feet of the main structure. No barns, stables or other outbuildings for the purpose of maintaining horses, hogs, or other livestock or

poultry shall be permitted on any Lot. No pets shall be allowed to roam the subdivision or leave the premises of the pet owner unless leashed and/or otherwise under the direct supervision of the owner.

Section 12. Motor Vehicles. No automobile or motor vehicle may be dismantled or repaired on said property unless such activity is done fully inside of an enclosed garage and not done for commercial purposes. No mechanically defective automobile, motor vehicle, mechanical device, machine, machinery, or junk car shall be placed or allowed to remain on said property at anytime. No commercial trucks, with the exception of not more than one full sized commercial pick-up truck, shall be permitted to be parked on the premises except in the course of delivery, pick up, or discharge of a specific commercial duty. No tractor-trailer trucks may be parked on any street or in the yard of any Lot, except moving vans that are conducting business. All recreational vehicles or motor homes shall be parked in the rear or side rear (behind the rear corner of the house) of the premises.

Section 13. Fencing. For all lots other than corner lots, no fence shall be erected which shall extend closer to the street than the rear corner of a house. On corner lots, the Developer reserves the right to approve the location of a fence on the side of a house which is adjacent to the street which deviates from this requirement provided plans for the location of said fence are submitted for approval in advance. Fences must be approved by Cumberland Ventures, LLC or its designee, pursuant to Section 5 of this Article 1, and Cumberland Ventures, LLC or its designee or the Association or its designated committee, reserves the right to require that all fencing be of a vinyl material and uniform in color and size. Chain link fences on any Lot in this subdivision are prohibited. No fencing shall be more than six (6) feet tall and all fences shall be located at ground level and not constructed on top of a deck or other similar structure. If there is any fencing which is inside the perimeter of the fencing, it must not be higher than the perimeter fencing or otherwise be visible to the public.

Section 14. Mailboxes. No mailbox and/or other objects can be placed on street right of way except as permitted by US postal regulations, the regulations of the North Carolina Department of Transportation and section 18 of these covenants. A mailbox in a style as specified by Developer shall be required for each single-family dwelling. Brick columns or block and stone type construction shall not be allowed on any lot or within the street right-of-way of any lot.

Section 15. Satellite discs and antennae. No radio tower or antenna of any nature shall be placed or allowed to remain on any Lot. No satellite dish antenna larger than eighteen (18) inches in diameter shall be placed or allowed to remain on any Lot. No permitted satellite dishes shall be installed in such a manner or location so as to be visible from the front of any Lot.

Section 16. Clotheslines. No outside clotheslines shall be permitted on the premises.

Section 17. Signs. No long term (in place for more than four days) signs of any kind or nature whatsoever shall be placed on any Lot, except as specifically permitted by this section. The only permitted signs on the property shall be: (1) Developer's signs identifying and promoting the subdivision; and (2) a "For Sale" or "For Rent" sign not larger than four (4) square feet in area placed on a Lot as applying to that Lot. Temporary signs (in place for four days or less) announcing yard sale, funerals, births and the like shall be permitted.

Section 18. Street Rights of Way. The right of way for

streets as shown on the recorded plat shall not be used for any purpose other than ingress and egress and placement of one authorized mailbox on a breakaway pole for each Lot that is shown on the plat. Any shrubbery, edging, fencing, rocks, basketball goals or other objects placed in the right of way (the area between the front property corners and that actual pavement) may be removed by Developer without notice. Any trucks or other commercial vehicles left in a right of way overnight may be removed without notice and any towing charges shall be their responsibility of the owner or operator of such vehicle.

Section 19. Subdivision or Re-configuration of Lot Lines. No lot in the subdivision shall be partitioned, divided, or re-subdivided, except for the purpose of adding all or a portion of said lot to an adjacent lot, in which instance that portion of a lot that is added to an adjacent lot shall be and become merged into and a part of the lot to which it is added for all purposes as set forth in these covenants. In such an instance, the outside boundaries of the combined property shall be deemed to constitute the front, side, and rear lines of a single lot for the purposes of the Restrictive Covenants. In no instance, however, shall any structure permitted by these Restrictive Covenants be placed upon property comprised on combined portions of one or more lots unless the outside dimensions thereof are at least equal to the smallest lot depicted and described upon the recorded plat of the Subdivision.

Section 20. Utility Contracts. Developer reserves the right to subject the Lots of this subdivision to a contract with the Fayetteville Public Works Commission or any other rural electric membership corporation or utility, gas, cable, telephone or other company approved by the North Carolina Utilities Commission for the installation of underground electric cables, gas piping or other utility cable and/or the installation of street lighting, either or both of which will require an initial payment and/or a continuing monthly payment to the provider of electric service by each residential customer having service in the subdivision, and which charge will be included in the regular bill for residential electric service. All owners of Lots, or their tenants, shall be responsible for the payment of all monthly fees and other associated costs, including maintenance, arising from said streetlights to the PWC or Membership Corporation or any other applicable utility company.

Section 21. Utility Easements. All areas indicated as streets and easements on the plat recorded in Plat Book 113, page 157, Cumberland County Registry, are hereby dedicated to public use for such uses forever. Easements for installation and maintenance for utilities and drainage facilities are reserved as shown on the recorded plat; and, additionally, Developer reserves a five (5') foot drainage easement on all side and rear lot lines of all numbered Lots in the subdivision. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage, or which may obstruct or retard the flow of water.

Section 22. Change of Lot Use By Developer. Notwithstanding the foregoing provisions requiring residential use of the Lots in this subdivision, Developer and its successors in title may devote any lot or portion thereof, not already sold, for any construction and uses which it, in its discretion, deems necessary in order to provide the subdivision with utilities; and Developer, and its successors in title, may devote any lot or portion thereof, not already sold, or once sold but later reacquired by Developer, for street purposes for access to any adjoining properties now owned, or hereafter acquired, by Developer.

ARTICLE II

CREATION OF HOMEOWNERS ASSOCIATION

Section 1. Creation of Association. There shall be a Homeowners Association known as the GRAYS CREEK VILLAS HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation.

Section 2. Definitions. In the context of the discussion of the Association the following definitions shall apply:

(a) "Association" shall mean and refer to GRAYS CREEK VILLAS HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

(b) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(c) "Properties" shall mean and refer to that certain real property being described as Lots 5 through 18, inclusive, and Lots 90 through 95, inclusive, and lot 55 of the GRAYS CREEK VILLAS, PHASE 3, Subdivision, Book of Plats 112, Page 124, Cumberland County Registry, prepared by Allen-Allen & Associates, PA, this being a "Zero Lot Line" Subdivision, and which lots as shown on said recorded plat are hereinafter referred to as the "Lots". In the event that additional property is annexed into the subdivision by the methods hereinafter described, such additional annexed property shall thereafter also be included within the definition of "Properties".

(d) "Lot" shall mean and refer to any plot of land shown upon the subdivision map of the Properties. In the event that additional property is annexed into the subdivision by the methods hereinafter described, such additional annexed property and the lots comprising same shall thereafter also be included within the definition of "Lot".

(e) "Developer" shall mean and refer to Cumberland Ventures, LLC, its successors and assigns.

(f) "Common Area" shall mean and refer to all property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All that area shown as "Common Area", if any, on that certain map of GRAYS CREEK VILLAS, PHASE 3, which is recorded in Plat Book 112, Page 124, in the Office of the Register of Deeds of Cumberland County, North Carolina, if any. Public rights of way which are to be dedicated and transferred to a governmental entity for maintenance and inclusion in its system of streets and highways shall not be considered common areas.

(g) "limited common area" shall mean and refer to any property owned by a lot owner which is subject to an easement for the common use and enjoyment by the other owners or the Association.

(g) "Quorum" shall be a majority of the members which are entitled to vote.

(h) "Membership Meeting" shall be regular or special meetings of the membership which shall be held in accordance with the By-Laws of the Association.

Section 3. Membership and Voting Rights

(a) Every owner of a Lot in the Properties shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

(b) The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all owners of detached units with the exception of the Developer and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B members shall be the Developer and shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to a Class A membership respectively upon the happening of either of the following events, whichever occurs earlier:

(1) When the total aggregate votes outstanding of Class A equals the total votes outstanding in the Class B Membership; or

(2) on January 1, 2035.

(c) Voting rights shall be exercised at all regular or special membership meetings of the Association at which a quorum is present.

Section 4. Property Rights in Common Area

(a) Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot and shall be preserved to the perpetual benefit of the Association, subject to the following provisions:

(1) the right of the Association to suspend the voting rights of an owner for any period during which any assessment against his Lot remains unpaid and for any infraction of its published rules and regulations;

(2) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instruments signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

(3) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon and limited common areas, which regulations may further restrict the use of the Common Area or Limited Common Area.

(b) Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

(c) Ownership of each Lot shall include easements over the common areas for access, ingress and egress from and to public streets and walkways and easements for enjoyment of the common areas.

(d) Denotations on the plat of "landscaping easement", "sign easement", "sight easement", "utility easement" or other easements for the common good shall be deemed limited common areas. Such areas may be maintained by the Association as a common expense and subject to entry by persons duly authorized by the Association.

Section 5. Association Dues and Fines.

(a) Each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (1) initial capital contribution, if any, as set by the Association; and
- (2) annual assessments or charges; and
- (3) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

(b) The initial, annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his/her successors in title but the lien for the assessments shall.

(c) Assessments and fines for violations of these restrictive covenants are to be established, collected and described hereinafter.

(d) Notwithstanding anything in the foregoing to the contrary, under no circumstances will the Developer be assessed and pay initial capital contribution, annual assessments, special assessments, and/or assessments or fines for violations of these restrictive covenants, conditions and restrictions as provided for herein.

(e) The assessments levied by the Association shall be for the purpose of maintaining the street lighting unless the same is maintained by a public utility, including underground low voltage lighting and high voltage spot lights, maintaining the entrance walls and structures, maintaining subdivision signage, maintaining the vinyl or other fencing, maintaining the landscape easements and landscape features located therein, maintenance and upkeep of the flora and fauna in the landscape easement, including installing or maintaining any sprinkler systems and green spaces for use in conjunction with the common areas, maintaining the clubhouse, pool or such other recreational facilities as may be constructed and dedicated to common use and for such other purposes as may be consistent with maintenance of the high character of the development for the benefit of all the owners and protecting the value and desirability of the real property and enhancing of homes and lots. The assessments levied by the Association shall also be for the purpose of paying all taxes, insurance and utilities associated with those items identified herein above.

(f) The amount of the initial capital contribution and/or annual dues shall be as follows:

- (1) The initial capital contribution for each lot shall be fifty (\$50.00) Dollars which shall be collected as closing as a

buyers' expense and paid to the Association.

(2) Until January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be One Hundred Twenty and No/100 (\$120.00) Dollars per lot. Dues for the first year of ownership by an owner (other than the developer or builder) will be pro-rated on a calendar year basis. All pro-rations of dues for any purpose shall be pro-rated on a calendar year basis.

(3) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the annual assessment may be increased each year not more than twenty (20) per cent above the assessment for the previous year by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for this purpose.

(4) The annual assessment shall not be increased above the foregoing limit without the approval of two-thirds (2/3) of the members.

(5) Written notice of any meeting called for the purpose of taking any action authorized under sub-Section 3 above shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. If the required quorum is not present, another meeting may be called subject to the same notice requirements. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(6) Assessments must be fixed at a uniform rate for all lots and shall be collected on an annual basis. Unless increased in accordance with the procedure set out herein, assessments shall continue at the same rate for any succeeding year as the immediately preceding year.

(7) The annual assessments provided for herein shall commence as to all lots subject to assessment on the first day of January following the conveyance of the first lot from the Developer.

(8) Fines or assessments for violation of the covenants or rules set by the Association or duly appointed committee of the Association shall be set as follows:

(a) The Developer (as long as the developer owns at least one lot in the subdivision) or the Association or any duly authorized committee of the Association shall cause to be issued letters of warning to any owners deemed to be in violation of any covenants, conditions or restrictions or Aesthetic Rules, Regulations and Decisions of the Association or Aesthetic Committee. Notwithstanding the above, warning letters shall not be required for non-payment of dues.

(b) If the violation or decision is not remedied, a second letter of warning shall be issued to the owner, advising the owner of the date of imposition of the daily fine, as well as the amount thereof, if the violation is not remedied by the imposition date.

(c) Alternatively, in the event an owner neglects or otherwise refuses to remedy any violation of the covenants, conditions or restrictions, or Aesthetic Rules, Regulations and Decisions of the Aesthetic Committee, then and in that event, the Aesthetic Committee may effect such remedy or maintenance and the cost of such remedy or maintenance shall be added to and become a part of the assessment to which such lot is subject pursuant to these covenants.

(d) Until January 1 of the year immediately following the

conveyance of the first lot to an owner, the maximum fine or assessment shall be \$10.00 per day per lot in violation, enforceable by lien as set forth in this Article.

(e) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum fine or assessment may be increased each year not more than ten (10) per cent above the assessment for the previous year by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for this purpose.

(f) The maximum fine or assessment shall not be increased above the foregoing limit without the approval of two-thirds (2/3) of the members of the Homeowner's Association.

(g) The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

(h) The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Public Records of Cumberland County, North Carolina, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees (10% of the delinquent amount with a minimum of \$125.00), advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property in accordance with the procedure set out for judicial sales in the North Carolina General Statutes.

ARTICLE III

GENERAL PROVISIONS

Section 1. Enforcement. Developer or the owner of any Lot or the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Developer or any Owner to enforce any covenants or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. It is understood and agreed that these restrictions are made for the mutual benefit of Developer and grantees of Developer, and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same. Each daily violation of these covenants shall be deemed a new and distinct violation for the purpose of any applicable statute of limitations.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no

wise affect any other provisions, which shall remain in full force and effect.

Section 3. Presumed Assent to Declaration by Grantees. All present and future owners, tenants and occupants of each Lot and their guests or invitees, shall be subject to, and shall comply with, the provisions of these restrictive covenants, and as the covenants may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any lot shall constitute an agreement that the provisions of these covenants are accepted and ratified by such owner, tenant or occupant. The covenants and restrictions shall inure to the benefit of and be enforceable by the Owner of any lot, the developer or the Association, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having at any time any interest or estate in any lot as though such provisions were made a part of each and every deed of conveyance or lease.

Section 4. Amendment of Declaration. These covenants and restrictions shall run with and bind the land, for a term of twenty (20) years from November 30, 2007, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated by a written instrument to such effect signed by the Owners of not less than fifty (50%) percent of the Lots and recorded; and such termination shall become effective at the end of the initial twenty (20) year period, or the subsequent ten (10) years term during which the specific termination instrument is recorded.

While Developer remains as the owner of one or more Lots of this subdivision, these covenants and restrictions may be released, changed, modified, or amended, to make the covenants less restrictive, with respect to all Lots, or with respect to one or more specific Lots, by an instrument executed by Cumberland Ventures, LLC and recorded. After Cumberland Ventures, LLC is no longer the owner of any Lot or Lots within said subdivision, the covenants and restrictions of this Declaration may be released, changed, modified, or amended, to make the covenants less restrictive, with respect to all Lots, or with respect to one or more specific Lots, by an instrument to such effect signed by the Owners of not less than fifty (50%) percent of the Lots and recorded or by duly adopted resolution of the Association.

Section 5. Revocation of Original Covenants and Amendments Thereto. Those certain Covenants and Restrictions previously referred to as the Original Covenants being dated November 1, 2004, and recorded on November 2, 2004 in Book 6701, Page 300 of the Cumberland County, NC Registry and the amendments thereof, if any, as recorded in the Cumberland County, NC Registry are revoked effective immediately effective after the recordation of these new covenants. Said original covenants and the amendments thereto shall henceforth have no further force and effect. If the revocation of said Original Covenants and Amendments thereto and the replacement of same with these covenants shall cause any Lot to be non-conforming or in conflict with these covenants, said non-conformity or conflict shall be deemed consented to by the parties to this instrument and hereafter permitted, provided, however, said non-conformity or conflict shall not in any way be expanded or extended.

ARTICLE IV

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Consent of Association Members. Except as provided in Section 2 and 3 below, annexation of additional properties shall require the assent of two-thirds (2/3) of the Class A members of the Grays Creek Villas Homeowners Association

and two-thirds (2/3) of the Class B members of the Association at a meeting duly called for this purpose, written notice of which shall be sent to all members of the Association not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 2. Paramount Right of Developer to Annex. If the Developer, its successors or assigns, shall develop all of any portion of any land contiguous to the property which is subject to these Covenants, such additional tract or tracts may be annexed to said Properties without the consent of the Class A members, provided however, the development of the additional tract or tracts described in this section shall be in accordance with the same general scheme of development as Grays Creek Villas Subdivision. The tract or tracts of land from which additional phases may be annexed is described in particular in that certain deed recorded in Book 7426, Page 890 of the Cumberland County, NC deed registry.

Section 3. Sunset of Developer Right to Annex. The rights of the Developer reserved in Section 2 above shall expire automatically on November 30, 2035, if not exercised prior thereto.

ARTICLE V

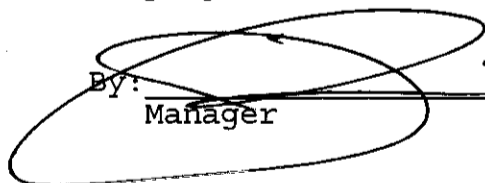
INCORPORATION OF APPLICABLE ORDINANCE

Section 1. Zero Lot Line Development. It is the intent of the Developer that all of the Properties described herein shall be developed as a zero lot line development or subdivision. The applicable provisions of the Cumberland County Ordinance are incorporated herein by reference.

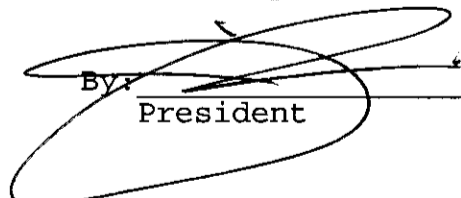
Section 2. Conflicting Provisions. To the extent the provisions of these Restrictive Covenants conflict with any applicable provisions of any appropriate municipality and/or the Cumberland County Ordinance, the conflicting provisions of the County Ordinance shall control.

IN WITNESS WHEREOF, Cumberland Ventures, LLC; Regency Homes, Inc., Westan Homes, LLC and Stanley Construction Company, LLC have caused this instrument to be executed in their corporate/company name the day and year first above written.

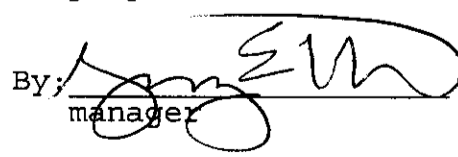
CUMBERLAND VENTURES, LLC
a N.C. limited liability
company

By:  (SEAL)
Manager

REGENCY HOMES, INC.
a N.C. corporation

By:  (SEAL)
President

WESTAN HOMES, LLC
a N.C. limited liability
company

By:  (SEAL)
manager

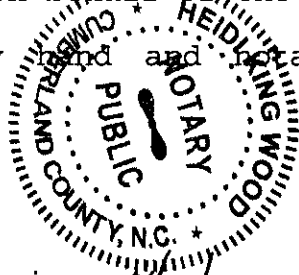
STANLEY CONSTRUCTION COMPANY,
LLC, a N.C. limited liability
company

By: [Signature] (SEAL)
manager

NORTH CAROLINA - CUMBERLAND COUNTY

I, HEIDI King Wood, a Notary Public of said County and State do hereby certify that on the 20 day of November, 2007, before me personally appeared Jimmie E Puczykowski, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Member/Manager of Cumberland Ventures, LLC, a N.C. Limited Liability Company, that as the Member/Manager of Cumberland Ventures, LLC, being duly authorized to do so, executed the instrument on behalf of the company.

WITNESS My hand and notarial seal this the 20 day of November, 2007.



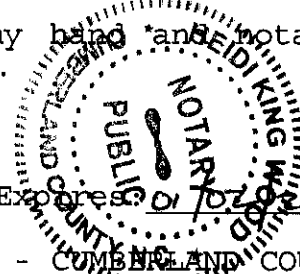
[Signature]
Notary Public

My Commission Expires: 6/02/2012

STATE OF NORTH CAROLINA - COUNTY OF CUMBERLAND

I, HEIDI King Wood, the undersigned, a duly authorized Notary Public, do hereby certify that Jimmy Puczykowski, President of Regency Homes, Inc., a NC corporation, personally came before me this day and acknowledged that he is the President of Regency Homes, Inc., and the he as the President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and notarial seal this the 20 day of November, 2007.



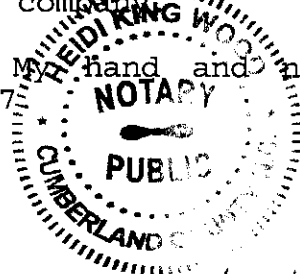
[Signature]
Notary Public

My Commission Expires: 01/02/2012

NORTH CAROLINA - CUMBERLAND COUNTY

I, HEIDI King Wood, a Notary Public of said County and State do hereby certify that on the day of November, 2007, before me personally appeared Gregory E West, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Member/Manager of Westan Homes, LLC, a N.C. Limited Liability Company, that as the Member/Manager of Westan Homes, LLC, being duly authorized to do so, executed the instrument on behalf of the company.

WITNESS My hand and notarial seal this the 30 day of November, 2007.



[Signature]
Notary Public

My Commission Expires: 01/02/2012
(SEAL)

NORTH CAROLINA - CUMBERLAND COUNTY

I, HEIDI King Wood, a Notary Public of said County and State do hereby certify that on the 30 day of November, 2007, before me personally appeared Robert S Stanley, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Member/Manager of Stanley Construction Company, LLC, a N.C. Limited Liability Company, that as the Member/Manager of Stanley Construction Company, LLC, being duly authorized to do so, executed the instrument on behalf of the company.

WITNESS My hand and notarial seal this the 30 day of November, 2007.

Heidi King Wood
Notary Public

My Commission Expires: 01/02/2012
(SEAL)

