BOOK 1427 PAGE 374

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DAVIS H. PRINSON
REGISTER OF DEEDS
DUPLIN COUNTY, N.C.

Drawn by & Return to: Stevens, McGhee, Morgan, Lennon & Toll, LLP
PO Drawer 59
Wilmington, NC 28402

STATE OF NORTH CAROLINA

COUNTY OF DUPLIN

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HANOVER PLACE

THIS DECLARATION, made the 10th day of March, 2003, by ASSOCIATED DEVELOPMENT, INC., a North Carolina corporation, hereinafter referred to as "Declarant" OR "Developer";

WHEREAS, Declarant is the owner of certain property in Duplin County, North Carolina, which is more particularly on the plat is labelled "Final Plat of Hanover Place for Associated Development, Inc." (hereafter the "Property" or the "Properties") and recorded in the Office of the Register of Deeds of Duplin County at Map Book 18, Page 101, 102, and 103

WHEREAS the Declarant desires to create therein a residential planned community with common areas and other common facilities for the benefit of said community; and

WHEREAS, the Property will be subject to this Declaration of Covenants, Conditions and Restrictions of Hanover Place (hereafter referred to as the "Declaration") and any subsequent amendments hereto; and

WHEREAS, Declarant desires to provide for the preservation of the values in said community and to provide for the maintenance of said common areas and facilities and desires to subject the Property and any additions as may hereafter be made thereto, to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to Chapter 47F of the General Statutes of North Carolina known as the North Carolina Planned Community Act and subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the

EXHIBIT "A"

Being all of that property shown on the map entitled "Final Plat of Hanover Place for Associated Development, Inc.", which map is recorded in the Registry of Duplin County, North Carolina in Map Book 18, Page 101, 102, 103, reference to which map is hereby made for a more particular and detailed description.

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
DEFINITIONS

As used herein, the following terms shall mean:

Section 1. ASSOCIATION shall mean and refer to HP HOA, Inc., a North Carolina non-profit corporation, its successors and assigns, the owners' association organized for the mutual benefit and protection of all the Properties. All property owners of lots in HANOVER PLACE and any adjoining areas hereafter developed and subjected to this Declaration, if any, shall be members of the Association, which membership shall be appurtenant to and may not be separated from the ownership of such lot.

Section 2. OWNER shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. PROPERTIES or DEVELOPMENT (which designations shall include singular and/or plural) shall mean and refer to all of HANOVER PLACE as described more fully in Exhibit "A" attached hereto and incorporated herein as if fully set forth, and shall also include any of the additional properties that may hereafter be brought within the jurisdiction of the Association as herein provided.

Section 4. ADDITIONAL PROPERTIES shall mean and refer to any lands adjoining the Properties or within a one mile radius thereof which now are owned or may be hereafter acquired or developed by the Declarant and annexed to and made a part of the Properties by the Declarant and subjected to this Declaration. No additional properties may be annexed without prior approval of HUD/VA. The annexation of such Additional Properties shall become effective by the recording by the Declarant of an amended declaration for each new section annexed.

Section 5. COMMON AREA shall mean and refer to all real property (including the improvements thereto) 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 shall be all the area designated as "Common Area" on the plat of HANOVER PLACE recorded in the Duplin County Registry which is referred to above. Common Area shall also include any property so described on any recorded plat of property annexed pursuant to this Declaration.

Section 6. LOT shall mean and refer to any numbered lot shown upon the plat of any section of HANOVER PLACE, now or hereafter recorded in the Duplin County Registry.

Section 7. DECLARANT shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) to mean and refer to ASSOCIATED DEVELOPMENT, INC., and its successors and assigns.

Section 8. DECLARATION shall mean this instrument as it may be from time to time amended or supplemented.

Section 9. MEMBERSHIP shall mean and refer to the rights, privileges, benefits, duties and obligations which shall inure to the benefit of and burden each member in the Association.

Section 10. MEMBER shall mean and refer to every person or entity who has a membership in the Association.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

a. The right of the Association to suspend the voting rights and privileges of an owner for any period during which any assessment against his lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

b. The right of the Association to mortgage or convey the Common Area, or to dedicate or transfer all or part of the Common Area, if any, 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 mortgage, dedication or transfer shall be effective until approved by a vote of at least 80% of the members, excluding the developer, as indicated in an instrument executed by the corporation and recorded in the Duplin County Registry.

c. The right of the Association to impose regulations for the use and enjoyment of the Common Area, if any, and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas and facilities to the members of his or her family, guests, tenants, or contract purchasers who reside on the property.

Section 3. General Public Not Permitted. No part of the common areas are for use by the general public, but common areas are instead dedicated to the common use and enjoyment of the owners, their family and other users permitted under these covenants.

ARTICLE III
EASEMENTS

Section 1. Perpetual, alienable easements are reserved as necessary in the Properties and the Common Areas thereof for installation and maintenance of underground facilities and drainage facilities.

Section 2. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right of way, on, over and under the ground for men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, fences, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each lot and such other areas as are shown on the plat or plats of the Development recorded in the office of the Register of Deeds of Duplin County; provided further, that the Declarant may cut drain ways for surface water whenever such action may appear to the Developer to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights of way expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Declarant further reserves the right to locate wells, pumping stations, and tanks within residential areas on any walkway, or on any residential lot now or subsequently designated for such use or to locate same upon any lot with the permission of the owner of such lot. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service.

Section 3. The Developer reserves the right to subject the real property in this subdivision to a contract with Progress Energy or some other utility company (hereinafter "Utility Company") and its successors and assigns for the installation of street lighting, which requires a continuing monthly payment to the Utility Company by each owner, with the expense of one street light shared equally between the six nearest residential customers of the Utility Company. Each Owner will be responsible for the payment of this pro rata share of the street lighting in addition to the payment of their bill for utility usage by their lot. Additionally, the Association may incur monthly charges from the Utility Company for the operation of sprinkler systems and for providing electricity and/or lighting to the common areas of the Development. These monthly charges are the exclusive responsibility of the Association and will be paid by the Association out of its funds.

Section 4. Water and Sewer Service.

a. i. Water service to all lots in the Development will be provided by Duplin County Water District "D" and/or its successors and assigns (hereafter "water district"). Each lot owner is responsible for a one time connection fee in addition to his or her own monthly water service charges and any required deposits and/or additional charges of the water district. Such charges shall not be the

responsibility of the Declarant or the Association.

ii. To the extent that any water service is requested by the Declarant and/or the Association and provided to the common areas by the water district, such service shall be the sole responsibility of the Association.

b. i. Sanitary sewer service has been installed and will be provided by the City of Wallace and/or its successors and assigns (hereafter "sewer district"). Each lot owner is responsible for a one time connection fee in addition to his or her own monthly sewer bill and any required deposits and/or charges by the sewer district. Such charges shall not be the responsibility of the Declarant or the Association.

ii. To the extent that any sewer service is requested by the Declarant and/or the Association and provided to the common areas by the sewer district, such service shall be the sole responsibility of the Association.

Section 5. Roadway control. The Developer shall exercise control over the roads within the development and reserves the right to place such speed controls, including speed bumps, as Developer shall deem appropriate. However, at such time as the North Carolina Department of Transportation shall take over the said roads, Developer shall relinquish control over the same.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Section 2. Each member shall be entitled to one vote in the affairs of the Association 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 the owners of such lot among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

ARTICLE V
MANAGEMENT AND CONTROL

Management of the affairs of the Association shall be the right and responsibility of its Board of Directors in accordance with the declaration and the by-laws; **PROVIDED, HOWEVER,** that all of the powers and duties of the Board of Directors may be exercised by the Declarant until such time as 75% (or 60) of the lots have been sold and conveyed by the Declarant to purchasers or until December 31, 2008, whichever occurs first. Management and control may be transferred to the lot owners at any time but no later than 120 days after the happening of the earlier of the above events.

ARTICLE VI
COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each lot owned within the properties, hereby covenants and agrees to pay and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

a. Annual assessments or charges in the initial sum of NINETY DOLLARS and 00/100 ($90.00) per year to be paid at the rate of $7.50 per month until January 1 of the year immediately following the conveyance of the first Lot to an Owner, and is subject to annual increases as provided in Section 3 below.

b. Special assessments for capital improvements, such as assessments to be established and collected as hereinafter provided, and

c. Insurance assessments as hereinafter provided, and

d. To the appropriate governing taxing authority, a pro rata share of ad valorem taxes levied against the Common Area, if any.

The annual, special and insurance assessments, together with interest, costs and reasonable attorneys 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 attorneys 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 the owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the properties and for the improvement and maintenance of all easements, utilities and the Common Area. The funds arising from said assessments or charges may be used for any or all of the following purposes: Maintenance and improvement of the common open space, buffer areas, private streets, private cul-de-sacs, private roads, private drives, fences installed by Declarant (whether located within the common areas or located upon or between individual lots, drainage and utility easements and rights of way and enforcing these restrictions; and, in addition doing anything necessary or desirable in the opinion of the Association to keep the property in neat and good order and to provide for the health, welfare and safety of owners and residents of HANOVER PLACE. The Association and each lot owner acknowledges and agrees that said assessments above described shall be used for the purposes above stated.

Section 3. Annual Assessments. Annual assessments shall be in an amount to be fixed from year to year by the Board of Directors which may establish different rates from year to year as it may deem necessary for the purposes set forth in Section 2 above. Annual Assessments are subject to increases as follows:

a. 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 no more than ten percent (10%) above the assessment for the previous year without a vote of membership, except as herein provided.

b. From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year above ten percent (10%) 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.

c. The Board of Directors may fix the annual assessment at an amount not in excess of the assessment for the previous year plus an increase of ten percent (10%).

Section 4. Special Assessments for Capitol Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capitol improvement upon the Common Area, including fixtures related thereto. Any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Date of Commencement of Annual Assessments; Due Dates. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant. The amount of the annual assessment against each lot for any given year shall be fixed at least 30 days in advance of the annual assessment period; provided, however that the first annual assessment shall be set prior to the conveyance of the first lot to an owner and written notice to the owners to be subjected thereto shall be delivered to the owners at or prior to the closing of their lots. Written notice of each annual assessment thereafter shall be sent to every owner subject thereto. The due date shall be established by the Board of Directors, and the Board of Directors shall have the authority to require the assessments to be paid in pro rata monthly installments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 6. Insurance. The Board of Directors on behalf of the Association, as a common expense, shall at all times keep the property of the Association, if any, insured against loss or damage by fire or other hazards and other such risks, including, but not limited to, directors' liability and public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the Properties and common area, which insurance shall be payable in case of loss to the Association for all members. The Association shall have the sole authority to deal with the insurer in the settlement of all claims. Such insurance shall be obtained without prejudice to the right of each member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by members

or their mortgagees.

a. Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses subject the Insurance Assessment described below.

b. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area Improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Special Assessment as provided herein against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds.

c. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

Section 7. Insurance Assessment. All insurance policy premiums on the Common Area for the benefit of the Association purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a common expense and the Association shall levy against the owners equally as an additional annual assessment, (herein called "Insurance Assessment") which shall be in addition to the amounts provided for under Section 3 above, an amount sufficient to pay the annual cost of all such insurance premiums and deductibles.

Section 8. Notice and quorum for any action authorized under Sections 3, 4 and 7. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3, 4 and/or 7 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Once quorum has been reached at a meeting, any subsequent meeting shall require the presence of a quorum as specified above.

Section 9. Rate of Assessment. All assessments made hereunder must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 10. Effect of Nonpayment of Assessments and Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the owner personally obligated to pay the same, and/or foreclose the lien against the property and may pursue any other legal or equitable remedy available. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandoning his lot.

Section 11. Subordination of the lien to Mortgage. The lien of the assessments provided herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage 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. No sale or transfer shall receive such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Working Capital Assessment. At the time title is conveyed to an owner, that owner shall contribute to the Association as a working capital reserve an amount equal to two months estimated homeowner's dues or assessments. Such funds shall be used solely for initial operating and capital expenses of the Association, such as prepaid insurance, supplies, repairs and improvements of the common areas and facilities, furnishings and equipment, etc. Amounts paid into the working capital funds remaining at the end of the first full operating year shall be transferred to and become part of the general funds of the Association, in the discretion of the Board of Directors.

ARTICLE VII.
ARCHITECTURAL CONTROL

Section 1. Developer's Rights. All duties and responsibilities conferred upon the Architectural Review Committee by this Declaration or the Bylaws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any lot in the Properties or any additions annexed thereto by Supplemental Declaration or Amendment to this Declaration.

Section 2. Building and Site Improvements. No dwelling, fence, wall or other structure shall be commenced, erected, or maintained upon any lot in the Properties, nor shall any exterior additions to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications showing the nature, kind, shape, heights, materials, colors, and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant, or its designee, or after the sale of all lots by Declarant, by the Board of Directors of the Association, or by an architectural review committee composed of three (3) or more representatives appointed by the Board. Refusal of approval by any such plans,

location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that in the sole and uncontrolled discretion of the Declarant or Architectural Review Committee shall be deemed sufficient. One copy of all plans and specifications shall be furnished to the Declarant or Architectural Review Committee, as the case may be, for its record. Neither the Declarant nor the Architectural Review Committee shall be responsible for any structural or other defects in plans or specifications submitted to it or any structure erected according to such plans and specifications.

Section 3. Approval of Plans.

a. No house plans will be approved unless the proposed house shall have a minimum 1,000 square feet of "enclosed dwelling area" which shall be the total enclosed area within a dwelling; provided, however, that such term does not include 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".

b. Since the establishment of inflexible building setback lines for location of houses on lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view preservation of important trees and other vegetation, ecological and related considerations, no specific front, rear or side setback lines shall be established. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any lot shall be controlled by and must be approved absolutely by the Declarant or Architectural Review Committee, as the case may be.

c. The exterior of all houses and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or builder, due to strikes, fires, national emergency or natural calamities.

d. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any lot except one single family dwelling not to exceed one (1) story in height unless the Declarant or Architectural Review Committee, as the case may be, approves in writing a structure of more than one (1) story.

e. All service utilities, fuel tanks, clothes lines, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Declarant or Architectural Review Committee, 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.

f. Other than as may be constructed by Declarant, no fences shall be placed or permitted to remain on any lot without approval of the Declarant or Architectural Review Committee. All such fences shall be no more than six feet (6') tall and not closer to the front of a

lot than the front corners of the house, and placement, design and materials must be approved by the Architectural Review Committee prior to installation.

g. A landscape plan for each lot must be submitted and approved by Declarant prior to the commencement of any land disturbing activity. Thereafter, the approved landscaping and off street parking for not less than two (2) automobiles must be provided and maintained on each lot prior to the occupancy of any dwelling constructed on said lot. Such parking areas and the driveways thereto shall be at least 10' wide and constructed of concrete or such other material as may be approved by Declarant.

h. The Declarant may, at its option, construct and install sprinkler systems upon some or all of the lots in the development. However, after a lot with a sprinkler system has been conveyed by Declarant, it shall be the sole duty and responsibility of the lot owner to thereafter operate and maintain the said system in good operational order and repair, including the repair and replacement of all parts and materials for the irrigation well and the entire system.

i. It shall be the continuing duty and responsibility of each lot owner to landscape and maintain their lawns and environs in the manner that has been approved by the Declarant or the Association.

j. No "single wide" manufactured, modular and/or mobile home shall be permitted on any lot within the development. Each home must have a minimum 3/12 pitch roof and be at least twenty two feet (22') in width.

k. All manufactured, modular and/or mobile homes erected and/or placed upon a lot within the development shall have brick underpinning and shall have an asphalt or fiberglass shingle roof.

l. Only new and previously unused manufactured, modular and/or mobile homes may be placed upon any lot within the premises in addition to new homes constructed by a licensed General Contractor.

m. No more than one house or dwelling structure shall be allowed per lot under any circumstances.

Section 4. Maintenance by Association.

a. The Association, at its expense, shall be responsible for maintaining, repairing and replacing the planting easement areas, the storm water drainage system, including any and all retention ponds, all drainage lines, pipes and ditches which are located on the properties, except those constructed by individual lot owners and located within individual lots. It is expressly understood that fences which are constructed upon and or between the individual lots, as well as those located upon the common areas, shall be maintained and repaired by the Association. The Association shall have the right to go onto the lots at reasonable times for the purpose of maintaining, repairing and replacing all utility and drainage lines and pipes and fences

which might be located on such lots and for the mowing of the front lawns, and each owner hereby grants permission to the Association to enter his lot for such purposes.

b. The Association shall maintain all Common Areas, including roadways, plantings and shrubbery, or walkway, located thereon, and lighting fixtures and shall pay all cost of operation thereof including premiums associated with general liability insurance insuring the Association from liability arising from ownership and operation thereof.

c. In the event that any maintenance or repair of the lot, and any structures and improvements thereon, is required to be done or performed as a result of the negligent or willful acts of the Owner, as determined by the Board of Directors of the Association, or the family, tenants, contract purchasers, guest or invitees of the owner, or is caused by fire, wind, rain, blowing water, lightning, smoke or other hazard or casualty, then, in the sole discretion of the Board of Directors the costs of such maintenance or repairs, not fully covered by insurance, may be levied as a special assessment against only the lot sustaining such damage which the owner shall pay to the Association within fifteen (15) days of the date of written notice to the owner from the Association requesting such payment. Ordinary wear and tear is not contemplated as being within the coverage of this paragraph.

d. In the event that such need for maintenance, repair or replacement (other than such being caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies) is caused through the willful, or negligent act of the owner, his family, guests or invitees, the cost of such maintenance, replacement, or repair, shall be added to and become a part of the assessment to which such loss is subject. Notwithstanding the foregoing, the Association shall have the right to recover through legal action the cost of such maintenance, replacement or repair, including interest, court cost and a reasonable attorney's fee, from those persons legally responsible for causing damage to the property of the Association.

In order to enable the Association to accomplish the foregoing there is hereby reserved to the Association the right to unobstructed access over, on, upon, through and across each lot and the structures and improvements thereon and its limited common area, if any, at all reasonable times to perform the maintenance and repair required under this Article.

ARTICLE VIII
USE RESTRICTIONS

Section 1. Land Use and Building Type. Except as provided in this Section, no lot in HANOVER PLACE shall be used for any purposes except residential purposes. All lots (herein referred to as "single family lots") shall be restricted for construction of single family dwelling only. Any building erected, altered, placed or permitted to remain on any lot shall be subject to the provisions of Article VII of this Declaration relating to architectural control.

Section 2. Nuisances. No noxious or offensive activity shall be carried on upon any lot,

nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No one shall maintain any plants or animals, nor device or thing of any sort whose normal activities or existence or other nature may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly, or unkept condition of buildings or grounds on such lot which would tend substantially to decrease the beauty of the neighborhood as a whole or the specific area.

Section 3. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be placed on any lot either temporarily or permanently without the written consent of the Association or its designee. Additionally, no portion of any used storage buildings, garages, porches or houses may be placed or erected within the development.

Section 4. Recreational Vehicles. No boat, motor boat, camper, trailer, or motor homes, or similar type vehicle, shall be permitted to remain on any lot or any street in the properties at any time, without the written consent of the Association or it designee. Any such consent given shall be for storage of said vehicle at the rear of the dwelling and shall not unreasonably interfere with the use and enjoyment of adjoining Owners.

Section 5. Animals. No animals, livestock (hooved or otherwise), fowl, poultry, birds, reptiles, amphibians, exotic or wild animals of any kind shall be kept or maintained on any lot or in any dwelling except that each owner may have no more than two (2) dogs and two (2) cats per household, provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free and are at all times properly leashed and supervised by their owners. Any vicious or aggressive dogs and/or breeds of dogs shall not be permitted. Neither the Declarant or the Association assume any responsibility with regard to any Owner's possession of animals.

Section 7. Television Satellite Dishes and Outside Antennas. No television satellite signal receiving dishes will be permitted on any lot and no outside radio or television antennas shall be erected on any lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee.

Section 8. Window Coverings. All drapes, curtains, or other similar materials hung at windows, or in any manner as to be visible from the outside, of any building erected up any lot shall be of a white or neutral background material.

Section 9. Exterior Lights. All light bulbs and other lights installed in any fixture located on the exterior of any building or any lot shall be clear, white, non-frost or yellow bug bulbs.

Section 10. Junk Vehicles and Tractor Trailers. No inoperable vehicle or vehicle without valid registration and insurance, and no tractor-trailers will be permitted on the premises. No commercial vehicles of one ton or larger may be parked overnight on the premises. The

Association shall have the right to have all vehicles towed away at the owner's expense.

Section 11. Signs. No signs (including "For Rent", "For Sale", and other similar signs) or property identification signs shall be erected or maintained on any lot except with the express written permission of the Declarant, its successors or assigns, except as may be related to legal proceedings, provided however, that the Declarant or its agents may place "For Sale" or "For Rent" signs on any lots for sale and in suitable places on the Common Area approved by the Association; provided, however, that during the development of the property and the initial marketing of lots, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws. Such permitted signs shall be placed in the appropriate center of a lot and six (6) feet from the road curb. No signs shall be nailed to trees.

Section 12. Alterations. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction or with the express written consent of the Association.

Section 13. On-Street Parking. There shall be no parking in or upon the streets and/or common areas within the premises.

Section 14. Lawn Maintenance. All lots shall be kept mowed to the drainage ditch, if any.

Section 15. Subdividing. No lot shall be subdivided, or its boundary lines changed, except with the prior written consent of the Declarant during the period of Declarant control of the Association and thereafter of the Board. However, the Declarant hereby expressly reserves unto itself, its successors and assigns, the right to replat any two (2) or more lots shown on the plat of any subdivision of the property in order to create one or more modified lots; to further subdivide tracts shown on any such subdivision plat into two or more lots; to recombine one or more tracts or lots or a tract and lots to create a larger tract; to eliminate from this Declaration lots that are not otherwise buildable or are needed for access to any area of the Property or are needed for use as private roads or access areas, and to take such steps as are reasonably necessary to make such replatted lots or tracts suitable and fit as a building site or access area or roadway, said steps to include, but not to be limited to, the relocation of easements, walkways, and rights of way to conform to the new boundaries of the said replatted lots.

Section 16. Yard Sales. A maximum of two (2) yard and/or garage sales may be conducted per household per calendar year.

Section 16. Miscellaneous. No lot or dwelling within Hanover Place shall be used for institutional, religious, political or agricultural purposes an ongoing or continuous manner or in violation of any local, state, or federal law, statute, or ordinance.

ARTICLE IX
RIGHTS OF INSTITUTIONAL LENDERS

Section 1. "Institutional Lender" or "Institutional Lenders" as the term are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, the Veteran's Administration, the Federal Housing Authority, the Federal National Mortgage Association, and other reputable mortgage lenders, guarantors and insurers of such first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any lot, or shall be the owner of any lot, such Institutional Lender or Institutional Lenders shall have the following rights:

a. To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such financial statement and report to be furnished by April 15 of each calendar year.

b. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.

c. To be given notice of default in the payment of assessments by any owner of a lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principle office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.

d. To inspect the books and records of the Association and the Declaration, bylaws and any Rules and Regulations during normal business hours, and to obtain copies thereof.

e. To be given notice by the Association of any substantial damage to any part of the Common Area.

f. To be given notice by the Association if any portion of the Common Area is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Section 2. Whenever any Institutional Lender, guarantor or insurer desires the benefits of the provisions of this section requiring notice to be given or to be furnished a financial statement, such lender shall serve written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, or to the address of the property, identifying the lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any lot owned by them, or any of them,

together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE X
ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Except as provided in Section 2 below, annexation of additional property shall require the assent of two-thirds (2/3) of the members at a meeting, called for his purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 2. If the Declarant, its successors or assigns shall develop all or any portion of the Additional Properties, said Additional Properties or any portion thereof may be annexed to said Properties without the consent of the members provided the Declarant has obtained HUD/VA approval. Annexation provided for in this section shall become effective upon the filing by the Declarant of a supplemental or amended declaration in the office of the Register of Deeds of Duplin County.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, covenants, conditions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Enforcement of Storm Water Runoff Regulations. The State of North Carolina is hereby made a beneficiary of this Declaration to the extent necessary to enforce its storm water runoff regulations as the same may be amended from time to time.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no wise affect any other provisions that shall remain in full force and effect.

Section 4. Lots Subject to Declaration. Except as is set forth herein to the contrary, all present and future owners, tenants and occupants of lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and any amendments hereto. The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable by the Association, or the owner of any lot, 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, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

Section 5. Amendment of Declaration. Except as provided in Article X, Section 2 above and Article XI, Section 6 below, and subject to the provisions of Article VII, Section 2 above , the covenants and restrictions of this Declaration may be amended only by an instrument duly recorded in the Office of the Register of Deeds of Duplin County executed by the duly authorized officers of the Association upon the vote of not less than two-thirds (2/3) of the Lot Owners; provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto Declarant. An amendment to the Declaration requires HUD/VA prior approval as long as the Declarant owns any lots in the subdivision.

Section 6. Amendments by the Declarant. The following amendments may be effected by the Declarant, or the Board, as the case may be, without consent of the owners provided the Declarant has obtained prior approval of HUD/VA:

a. Prior to the sale of the first lot, this Declaration may be amended by the Declarant.

b. Declarant may amend this Declaration upon annexation of additional land as specified in Article X, Section 2, herein.

c. The Board may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproducing.

d. The Declarant, so long as it shall retain control of the Association, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitations, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veteran's Administration, the United States Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Corporation, or the Federal National Mortgage Association requesting or suggesting an amendment necessary to comply with the

requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

e. The Declarant, for so long as it shall retain control of the Association, and, thereafter, the Board of Directors may amend this Declaration as shall be necessary, in its opinion, and without the consent of any owner, to qualify the Association, the Property, or any portion thereof, for tax-exempt status.

f. The Declarant for so long as it has control of the Board may amend this Declaration to include any platting change of the Property as permitted herein.

Section 7. Dedication of Common Areas. The Declarant shall not dedicate any part of the Common Area without prior approval of HUD/VA. However, with respect to the roads within the development, it is expressly understood, acknowledged, and agreed, that the Declarant has constructed and installed a water system within the boundaries of the roads shown on the map or maps of the development and has also constructed the connecting points where each lot could be connected to the said system. No part of this system is being conveyed or otherwise transferred to the development, and neither the lot owners nor the Association shall have any right to the use and/or benefit of the said system, or any part thereof, without the express written consent of the Declarant, which consent may be given or withheld at the exclusive and sole option of and in the absolute discretion of the Declarant. Further, Declarant may sell or otherwise convey to system, or any portion thereof to a third party and/or may remove all or any part of the said system or expand the same. Any such sale, removal, or expansion shall be done in a manner so as to cause minimum temporary and no permanent disruption to the development.

Section 8. North Carolina Planned Community Act. In the event that the provisions of this Declaration are inconsistent with the provisions of the North Carolina Planned Community Act, the provisions of this Declaration shall control except where the provisions of the North Carolina Planned Community Act are mandatory, in which event the provisions of the North Carolina Planned Community Act shall control.

IN WITNESS, ASSOCIATED DEVELOPMENT, INC., a North Carolina corporation, the Declarant herein, has caused this Declaration to be executed in its corporate name and its corporate seal affixed by its duly authorized officers, the day and year first above written.

DECLARANT: ASSOCIATED DEVELOPMENT, INC.

BY: Barry T. Mills
BARRY T. MILLS, President

ATTEST: Evelyn Mills
EVELYN MILLS, Secretary

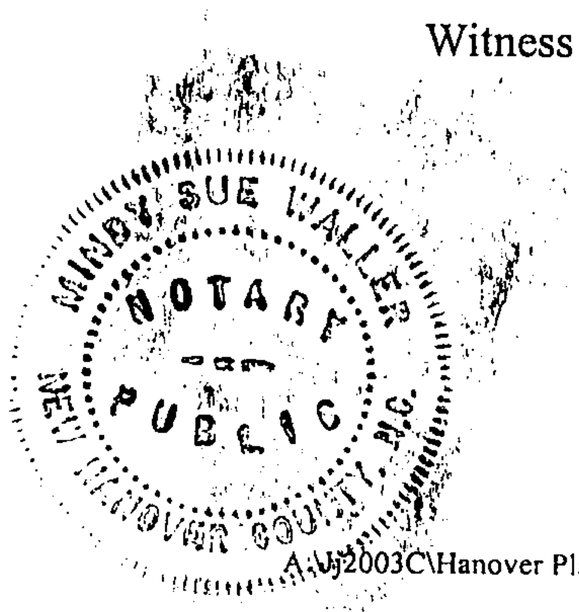
BOOK 1427 PAGE 393

STATE OF NORTH CAROLINA

COUNTY OF DUPLIN

I, a Notary Public in and for the aforesaid State and County of ~~Duplin~~ New Hanover, do hereby certify that Evelyn Mills came before me this day and acknowledged that he/she is Secretary of ASSOCIATED DEVELOPMENT, 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 himself/herself as its _____Secretary.

Witness my hand and official stamp or seal, this the 10th day of March, 2003.



Mindy Sue Waller
Notary Public

My Commission expires: Feb. 20th, 2006

A:\wj2003C\Hanover Place Decs Final.wpd

NORTH CAROLINA, Duplin County
The foregoing or annexed certificate ... of Mindy Sue Waller, NP

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

DAVIS H. BRINSON, *Register of Deeds*

By Laura Carroll
Deputy / ~~Assistant~~ Register of Deeds

Recorded and verified: