

RESTRICTIVE AND PROTECTIVE COVENANTS

VILLAGE OF WALNUT CREEK
AREA A, SECTION SEVEN, PHASE ONE
AS SHOWN ON A PLAT RECORDED IN
PLAT CABINET K, SLIDE 72J WAYNE COUNTY REGISTRY

KNOW ALL MEN BY THESE PRESENTS:

KAT PROPERTIES, INC., RAY ENTERPRISES, INC. and J. RAY INVESTMENT, L.L.C. (hereinafter sometimes referred to as the Developers), being the owners of all the property as shown on a map entitled "Final Map of VILLAGE OF WALNUT CREEK, Area A, Section Seven, Phase One, New Hope Township, Wayne County, N.C." which is recorded in Plat Cabinet K, Slide 72-I and being a part of the land described in Deed Book 1497, Page 163, Deed Book 1497, Page 169, Deed Book 1530, Page 589 of the Wayne County Registry, have established a general plan for the improvement and development of such premises and do hereby establish the covenants, conditions, reservations and restrictions upon which and subject to which all lots and portions of such lots shall be improved or sold and conveyed by themselves as owners thereof. These covenants, conditions, reservations, restrictions and easements are hereinafter set out and shall run with the land and shall bind and inure to the benefit of the purchasers, their prospective heirs, personal representatives, successors and assigns, until the first day of January, 2044, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless a majority of the then owners of the land shall sign and record an agreement to change said covenants in whole or in part. The covenants, conditions, reservations and restrictions are as follows:

1. No lot shall be used for business, manufacturing or commercial purposes and the same shall be used for residential purposes only. No building or structure shall be erected, placed or permitted to remain on any lot other than a single-family dwelling not to exceed two and one-half stories in height and the appropriate and customary accessory structures. All dwellings constructed on said lots shall have an outside siding of brick,

wood or materials of equal quality and value. No buildings shall be constructed with exposed concrete block walls. All fuel tanks shall be buried or placed in the basement of the dwelling house.

2. The minimum space and capital expenditure requirements for residences to be constructed upon each lot as herein specified, exclusive of garages, carports, porches, attics and basements, shall be as follows:

One story dwelling - 2,500 square feet and \$125,000.00

Two story dwelling - 3,000 square feet and \$150,000.00

3. No building shall be erected or allowed to remain on any of the residential lots in the development without conforming to the minimum setback requirements of the zoning ordinances and subdivision ordinances of the Village of Walnut Creek and as shown on the plat of this subdivision hereinbefore mentioned and said minimum setback requirements, if any, as shown on said plat which is recorded in the Wayne County Registry are incorporated into and made a part of these covenants.

4. No fence, wall, barricade, solid row shrubbery planting or other view retarding structure of any type shall be erected or allowed to remain on any lot which does not conform to the following requirements:

(a) A maximum height of three and a half feet high in the front yard (between the minimum building setback line and the street).

(b) A maximum of four feet in height in the rear yard (between the minimum building setback line and the rear lot line).

(c) Chain link fences and fences made of any type of wire material are specifically prohibited from being erected between the street and the minimum setback line.

(d) No fence or planting of any type or kind shall be permitted in the street right of way.

(e) Notwithstanding the provisions of Paragraph (4) (b) of this section, one dog pen shall be permitted on each lot so long as such dog pen meets the following requirements:

(1) One chain link fenced enclosure may be erected to a maximum of six feet in height in the rear yard. The enclosed area may not exceed 504 square feet and may be internally divided to separate individual animals.

(2) Such enclosure shall not be closer than 20 feet from any side lot line and not closer than 10 feet from the back lot line of the property on which such pen is erected.

(3) A chain link restraining cover shall be permitted so as to prevent dogs from jumping out of the enclosure.

(4) The pen shall at all times be kept sanitary, odorless and noise free.

5. In order to provide for the orderly development and placement of the structures on these lots and to maintain and provide for architectural beauty in the development of these lots, no building shall be erected or allowed to remain on said property, nor shall any alternation of any building on said property be made until the plans have been approved by the Zoning Enforcement Officer of the Village of Walnut Creek. The owner or proposed builder shall submit a plot plan, including work drawings, for all structures for approval by the Zoning Enforcement Officer. The Zoning Enforcement Officer shall approve the final plans before a building permit is obtained or construction commenced. If the Zoning Enforcement Officer shall fail to act on the approval of the plans and specifications submitted within thirty (30) days after they are submitted, the plans and specifications shall be considered approved, provided they do not violate any other restrictions herein contained.

6. No dwelling house, building, fence, mailbox or structure of any nature whatsoever shall be erected on any Lot except in accordance with the plans and specifications of the exterior construction thereof approved in writing by the Architectural Control Committee.

(a) The Architectural Control Committee shall be the Developers or their designee.

(b) Prior to the commencement of construction,

renovation or maintenance of any dwelling house, building or structure of any nature on any lot, the Owners shall submit for approval plans and specifications describing the proposed construction, renovation or maintenance, and any plans showing the location thereof, to the Architectural Control Committee. The approval of the Architectural Control Committee shall relate (i) to the quality and types of material, (ii) to harmony of exterior design and finish with existing or proposed structures, (iii) to general aesthetic considerations and (iv) as to location, topography and finish grade elevation. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications submitted under this declaration, in writing, within sixty (60) days after such plans and specifications have been submitted to the Architectural Control Committee, approval shall be conclusively presumed to have been given. Once given, the approval of the Architectural Control Committee shall be effective for a period of two (2) years after the date of the approval. The completion and occupancy of the dwelling house without prior commencement of action by other Owners or the Architectural Control Committee shall be conclusive proof that the plans of the dwelling house have been approved, and no person may thereafter complain of lack of compliance with this paragraph.

7. No lot or lots shall be subdivided into parcel or parcels unless it be for the sole purpose of enlarging the properties of adjoining property owners where a vacant lot lies between them. In every case approval must be granted by the Zoning Enforcement Officer of the Village of Walnut Creek. Following a request, the Zoning Enforcement Officer of the Village of Walnut Creek must act within thirty (30) days or the request shall be automatically deemed granted.

8. No lot or lots or parts thereof shall be used as rights of way providing ingress or egress over, across and into the corporate limits of the Village of Walnut Creek from property outside and adjoining the corporate limits of the Village of Walnut Creek without the written consent of the Village Council

of the Village of Walnut Creek.

9. No trailer, mobile home, basement, unless basement is part of the dwelling erected at the same time the dwelling is erected, tent, shack, barn or other outbuilding shall be erected or placed on any lot. No house trailer or mobile home shall be stored on any lot. All boats, trailers and campers shall be stored behind the minimum building setback line for each lot. Nothing herein shall prohibit the construction of a small dog house.

10. Developers hereby reserve unto themselves, their heirs, personal representatives, successors and assigns, an easement or right of way which they may at any time in the future grant to others, over, beneath and across the lots and streets of the development for the purposes of rights of way for gas lines, water lines, sewer pipes, telephone and electric lines, wires, cables and all equipment necessary for the installation, use and maintenance of utilities, including gas, water, electricity, telephone, sewage and drainage. Such easements or rights of way, however, shall be confined to a distance of not more than seven (7) feet from the street property line.

Developers also reserve the right to subject the real property in this subdivision to a contract with Carolina Power & Light Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by the owner of each building.

11. No sign or billboard of any kind shall be erected or allowed to remain on any lot other than a "For Sale" or "For Rent" sign which shall be not larger than one (1) foot by two (2) feet.

12. The disposal of sewage and all waste matter which includes garbage, rubbish, et cetera, shall be in compliance with regulations of the State Board of Health of North Carolina, the Board of Health of Wayne County and the Zoning Enforcement Officer of the Village of Walnut Creek, and all other

governmental authorities which might have jurisdiction thereover. It is expressly prohibited that any sewage, rubbish, et cetera, shall be placed or permitted to drain into Lake Wackena, or any other body of water which is created by the Developer. All dwelling units shall be equipped to contain an accepted garbage disposal system. Outdoor garbage cans shall be of the underground type or concealed with plantings, or wall structure.

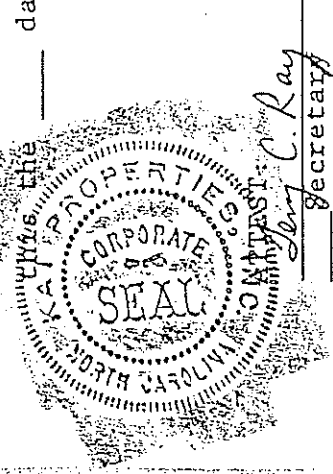
13. No lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding property. Owners of vacant lots shall be required to keep undesirable undergrowth from accumulating on their lot to such a degree that it would be objectionable to the adjoining neighbors or the neighborhood in general.

14. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages. KAT PROPERTIES, INC., RAY ENTERPRISES, INC. and J. RAY INVESTMENT, L.L.C. covenants, stipulates and agrees for themselves, their heirs, personal representatives, successors and assigns, and on behalf of any and all persons, firms or corporations who or which may hereafter acquire any lot or lots in the herein described part of the subdivided areas embraced in the development known as "Village of Walnut Creek Area A, Section Seven," Phase One, New Hope Township, Wayne County, North Carolina, that any violations of the restrictions and limitations as to use thereof hereinbefore set forth shall entitle any person or persons or corporation who or which may then own any lot or lots in said development to bring such actions or proceedings at law or in equity as shall be necessary and appropriate to enforce compliance with the restrictions and limitations hereinabove set

forth.

15. Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

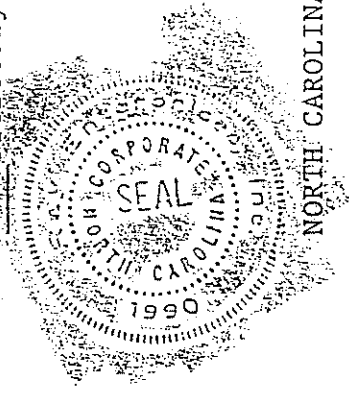
IN WITNESS WHEREOF, the said KAT PROPERTIES, INC. and RAY ENTERPRISES, INC. have caused this instrument to be signed in its name by its _____ President, attested by its _____ Secretary and its corporate seal to be hereunto affixed all by authority of its Board of Directors duly given, and J. RAY INVESTMENT, L.L.C. has caused this instrument to be signed and sealed by its Manager,



KAT PROPERTIES, INC.
BY: [Signature] (SEAL)
President

ATTEST: [Signature]
Secretary

RAY ENTERPRISES, INC.
BY: [Signature] (SEAL)
President

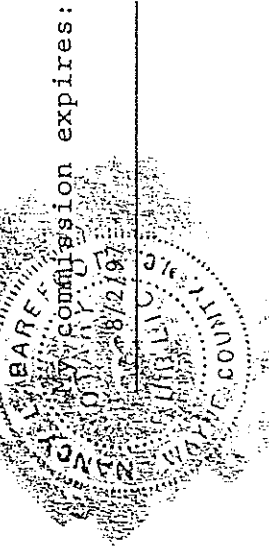


J. RAY INVESTMENT, L.L.C.
BY: [Signature] (SEAL)
Jerald D. Ray, Manager

NORTH CAROLINA
WAYNE COUNTY

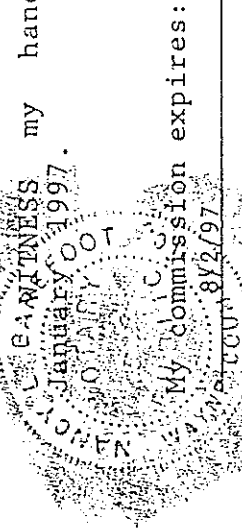
This 7TH day of January, 1997, personally came before me, NANCY L. BAREFOOT, a Notary Public in and for said County and State, W. HILLMAN RAY, JR., who, being by me duly sworn, says that he is _____ President of KAT PROPERTIES, INC., and that the seal affixed to the foregoing instrument in writing is the corporate seal of said Company, and that said writing was signed and sealed by him in behalf of said Corporation, by its authority duly given. And the said W. HILLMAN RAY, JR. acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and notarial seal, this 7TH day of January, 1997.
[Signature]
Notary Public



NORTH CAROLINA
WAYNE COUNTY

This 3RD day of January, 1997, personally came before me, NANCY L. BAREFOOT, a Notary Public in and for said County and State, STEPHEN K. RAY, who, being by me duly sworn, says that he is President of RAY ENTERPRISES, INC., and that the seal affixed to the foregoing instrument in writing is the corporate seal of said Company, and that said writing was signed and sealed by him in behalf of said Corporation, by its authority and sealed by him in behalf of said Corporation, by its authority duly given. And the said STEPHEN K. RAY acknowledged the said writing to be the act and deed of said Corporation.

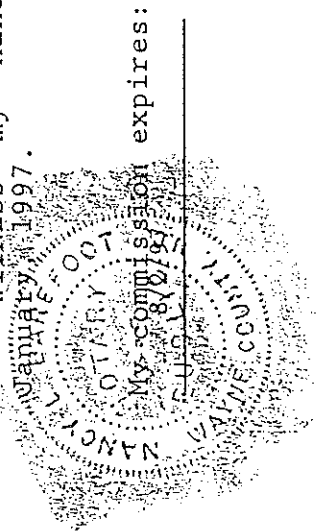


WITNESS my hand and notarial seal, this 3RD day of January, 1997.
Nancy L. Barefoot
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF WAYNE

I, NANCY L. BAREFOOT, a Notary Public of the county and state aforesaid, hereby certify that JERALD D. RAY, Manager, personally appeared before me this day and acknowledged that he is Manager of J. RAY INVESTMENT, L.L.C., a North Carolina Limited Liability Company, and that by the authority duly given and as an act of the Limited Liability Company, the foregoing instrument was signed in its name by JERALD D. RAY, as its manager.

WITNESS my hand and notarial seal, this 7TH day of January, 1997.
Nancy L. Barefoot
Notary Public



My commission expires: _____

NORTH CAROLINA, Wayne County
The foregoing certificate is of Nancy L. Barefoot

Notary (y) (not) Public (are) certified to be correct.

Filed for registration at 11:40 o'clock a. M this 8 day of Jan., 1997.

By *Deborah C. Lane* Deputy/Assistant Register of Deeds

DEBORAH C. LANE, Register of Deeds