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RUTH C. GARRETT
REGISTER OF DEEDS

STATE OF NORTH CAROLINA : DECLARATION OF PROTECTIVE COVENANTS FOR
COUNTY OF DURHAM : CARLTON CROSSINGS SUBDIVISION

THIS DECLARATION, made this 14th day of FEBRUARY, 1994, by
AMERICAN GENERAL REALTY INVESTMENT CORPORATION, a Texas
corporation with its principal office located at 2929 Allen Parkway, Houston, Texas
77019, hereinafter called "Declarant";

WITNESSETH:

THAT WHEREAS, Declarant is the owner of real property described in Article I of this Declaration of Protective Covenants and is desirous of subjecting same to the Protective Covenants and Restrictions hereinafter set out for the benefit of each subsequent owner, such Protective Covenants and Restrictions to run with each and every lot and shall inure to the benefit of, and be binding upon, any owner and any successor in interest of any owner of any such lot;

NOW, THEREFORE, Declarant hereby declares that the real property described in Article I hereof is and shall be held, transferred, sold and conveyed subject to the Protective Covenants hereinafter set forth.

ARTICLE I

DESCRIPTION

The real property which is, and shall be held, transferred, sold and conveyed, subject to the Protective Covenants set forth in the following articles is located in Durham County, North Carolina, more particularly described as follows:

All of those lots shown on those plats entitled "Final Plat, Phase 1A, Carlton Crossings, City of Durham, Durham County, North Carolina", recorded in Plat Book 131, pages 06, 07 and PLAT BOOK 130, PAGE 226,
Durham County Registry. *CM*

The real property described in this Article I is subject to the Protective Covenants and Restrictions hereby declared to insure the best use and the most appropriate development and improvement of each lot thereof; to protect the owners of lots against such improper use of surrounding lots as will depreciate the value of their property; to preserve, so far as practicable, the natural beauty of said property; to guard against the erection thereon of poorly designed or proportioned structures or structures built of improper or unsuitable materials; to prevent haphazard and

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inharmonious improvement on lots; to secure and maintain proper setbacks from streets and spaces between structures and in general to provide adequately for quality improvements on said property, and thereby to enhance the values of investments made by purchasers of lots therein.

ARTICLE II

ARCHITECTURAL CONTROL

No site preparation (including, but not limited to grading, elevation work, landscaping, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, buildings, fences, signs, walls, bulkheads, screens, landscaping, plantings, equipment, or other structures shall be commenced, erected, placed, altered or maintained upon any lot, until the plans and specifications showing the nature, kind, shape, height, materials, exterior colors, siding, location and elevations of the proposed improvements, landscaping or plantings shall have been submitted to, and approved in writing by, as to harmony of external design and location in relation to surrounding structures and topography, an Architectural Committee composed of three (3) persons appointed by the Declarant. In the event the Architectural Committee fails to approve such written submission made by any lot owner within thirty (30) days after said plans and specifications have been received by the Committee, approval will be deemed to have been denied. Any plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding any prior approval by the Committee.

Upon request, the Declarant, on behalf of the Architectural Committee, shall provide any owner with a letter stating that any such work, plans and specifications, landscaping or plantings have been approved, and the letter may be relied upon by third parties.

Approval or disapproval by the Architectural Committee of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, which in the sole discretion of the Committee, it shall deem sufficient. Neither the Declarant nor the Architectural Committee shall be responsible for any defects in the plans and specifications submitted to it or in any structure erected or improvements made on any lot.

The Declarant and the Architectural Committee, or their appointed agents, shall have the right, at their election, but shall not be so required, to enter upon any of the lots during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications.

The Architectural Committee shall have the power to grant, and may allow, variances of, and adjustments of, the building restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purposes hereof; and, provided also, that in

every instance such variance or adjustment will not be materially detrimental or injurious to other lots in the immediate neighborhood. Variances and adjustments may be of the height, size, and setback requirements, but shall not be limited thereto. No variance shall be permitted if it violates governmental minimum standards.

In the event of the grant of any variance in the building restrictions established hereunder, the Declarant on behalf of the Architectural Committee shall execute a document acceptable in substance to the Association attesting to such grant and the specific nature thereof in form suitable for recording, so that the lot owner may record the document in the Registry of the County in which the lot is located. Such document shall be prepared at the cost of the lot owner and shall be binding upon the Declarant, its successors and assigns, and other lot owners and may be relied upon by third parties to evidence the variance approval.

Construction of any dwelling shall be completed within twelve (12) months from the owner's receipt of approval by the Architectural Committee. Construction of any addition to a dwelling, exterior improvement to an existing dwelling, any grading, landscaping, planting or any outbuilding, swimming pool or improvement ancillary to the dwelling shall be completed within six (6) months after the owner's receipt of approval by the Architectural Committee. If not completed within those time periods, the approval shall be deemed revoked and the work will be deemed in violation of these covenants and shall not proceed.

The Architectural Committee shall have the authority to extend the foregoing times, upon written application of the lot owner and for good cause shown for a period not to exceed six (6) months, and, if extended, the approval shall continue.

Any approvals given by the Architectural Committee shall expire if construction of the dwelling is not beyond that of the foundation within six (6) months of the date of approval.

ARTICLE III

USE RESTRICTIONS

Section 1. Use of Property. No lot (except for building models) shall be used for any purpose other than for single-family residential purposes and for purposes incidental or accessory thereto.

Section 2. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon any lot, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 3. Animals. No animals, birds, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling except that dogs, cats, pet birds or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other lot owners.

Section 4. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of any lot, or any part thereof. All laws, orders, rules, regulations, ordinances, or requirements of any governmental agency having jurisdiction thereof, relating to any lot shall be complied with, by and at the sole expense of the lot owner.

Section 5. Business. No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any lot, except that the Declarant or its agents may use any unsold lots for sales or display purposes.

Section 6. Signs. No lot owner shall display, or cause, or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any lot, except as allowed by local governmental authority; provided, however, that the Declarant and any lot owner, or their respective agents, may place "For Sale" or "For Rent" signs on any lots for sale or for rent; provided, however, that during the development of the lots and the initial marketing of lots, the Declarant or its builder designees 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. No sign shall be nailed to trees.

Section 7. Parking. No boats, trailers, campers, motorhomes, motorcycles, school buses, trucks or tractors or commercial vehicles or any other vehicle which is unsightly or not compatible with a residential community shall be parked on any lot, or on any right of way of any roads or streets within the subdivision by any lot owner, its family members, tenants or contract purchasers, except inside an enclosed garage located on a lot or area screened from view of any street and adjoining lots, or in a specified storage area established by the Declarant, if any such is provided. Temporary parking of delivery and maintenance vehicles are permitted. Declarant makes no commitment to provide a storage area.

Section 8. Trailers, etc. No trailer, tent, mobile home, modular home nor structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters or storage units used by a contractor during the construction of a dwelling, garage or accessory building, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or accessory buildings or storage areas or permitted to remain on any lot after completion of construction.

Section 9. Subdividing. No lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the period that Declarant owns any of the property subject to this Declaration. However, the Declarant hereby expressly reserves unto itself, its successors and assigns, the right to replat any two (2) or more lots in order to create one or more modified lots, to further subdivide Tracts other than lots shown on any such subdivision plat into two or more lots, to recombine one or more lots to create a larger lot, to eliminate from this Declaration lots that are not otherwise buildable or are needed for access 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 suitable and fit as building sites 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 10. Antennae. Exterior radio and television antennae, aerials, disks and dishes for reception of commercial broadcasts shall not be permitted on any lot and no other aerials, disks and dishes (for example, without limitation, amateur short wave or ship to shore) shall be permitted on any lot without permission of the Architectural Committee as to design, appearance and location.

Section 11. Construction Limitations. During construction, all vehicles involved, including those delivering supplies, must enter the lot on a driveway only as approved by the Architectural Committee so as not to damage unnecessarily trees, street paving and curbs. During construction, builders must keep the homes, garages, and building sites clean and free of debris. All building debris, stumps, trees, etc., must be removed from each lot by builder as often as necessary to keep the house and lot attractive. Such debris will not be dumped on any other lot.

If in the sole discretion and judgment of the Architectural Committee any builder shall not comply with the foregoing paragraph, then the Declarant may repair damage and remove debris and the cost of the repair or removal shall be charged to the lot owner and paid within ten (10) days of invoicing by Declarant. If not paid within the ten-day period, then the Declarant may file with the Clerk of Superior Court, Durham County, a claim of lien against the affected lot if owned by the builder, and within ninety (90) days of the due date, bring an action to enforce the lien and to recover the amount owed. The builder shall be liable for costs, expenses and reasonable attorney's fees incurred by Declarant in enforcing the lien or recovering the amount owed. Such enforcement shall be as set forth for enforcement of claims of lien by a mechanic or materialman against a property owner set forth in Chapter 44A of the North Carolina General Statutes.

Section 12. Firearms; Hunting Prohibited. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type, or method of propulsion; and no hunting of any type shall be carried on or conducted on any lot.

Section 13. Unsightly Growth. No weeds, underbrush or other unsightly growth shall be permitted to grow or remain on any lot, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain thereon, including vacant parcels.

Section 14. Independent Covenants. Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and in the event any one or more of said covenants or restrictions shall, for any reason, be held to be invalid, or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

ARTICLE IV

BUILDING RESTRICTIONS

Section 1. Square Footage. Any dwelling erected on a lot shall contain a minimum enclosed dwelling area of 2300 square feet. The term "enclosed dwelling area" as used in this Section 1 shall mean the total enclosed area within a dwelling subject to heating and cooling; provided, that the term specifically does not include garages, basements, terraces, open porches, decks, stoops and like areas regardless of heating and cooling or the degree or quality of the finish in the space.

Section 2. Setback Lines. No dwelling erected on a lot (including garage) shall be constructed nearer than twenty-five (25') feet to the front lot line, eight (8') feet to any side lot line, or twenty-five (25') feet to the rear lot line. This restriction shall prevail over any lesser governmental setback standard. Variances of these setback requirements may be granted pursuant to Article II hereof, but in no case will the setback be less than that required by the governmental agency having jurisdiction over the lots.

Section 3. Height and Accessory Building. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any lot other than a detached single family dwelling not to exceed two and one-half (2 1/2) stories in height, exclusive of basements, unless the Architectural Committee approves in writing a variance permitting a structure of greater height, and a garage and small accessory building; provided, the use of such dwelling or accessory building does not in the opinion of the Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the construction of the primary dwelling. All garages must be attached to the main dwelling, unless the Architectural Committee approves in writing a variance permitting a detached garage.

Section 4. Multi-Family Use Prohibited. No multiplex residence or apartment house shall be erected or placed on, or allowed to occupy, any lot, and no dwelling once approved and constructed shall be altered or converted into a multiplex residence or apartment house.

Section 5. Parking Spaces. Each lot owner shall provide space for parking at least two automobiles off the street prior to the occupancy of any dwelling constructed on said lot. Parking shall not be permitted in yards, grassed or natural areas. Parking shall be only on paved areas or drives.

Section 6. Trees and Shrubs. The planting of flowering shrubs and trees is encouraged; however, no trees, bushes, shrubs, grasses or other vegetation whatever, may be removed, planted or installed from or on any lot or common area without prior written approval of the Architectural Committee, based upon a site plan, landscaping plan or planting plan submitted to the Architectural Committee.

Section 7. Driveways. All driveways from the street to each house shall be hard-surfaced (brick, concrete, asphalt or other material approved in writing by the

Architectural Committee). This approval may be waived by the Architectural Committee under unusual circumstances.

Section 8. Fences. No fence, wall or hedge shall be permitted, except with the prior approval of the Architectural Committee.

Section 9. Variances. The Architectural Committee shall be empowered with the right to grant, in writing, variances to the requirements imposed in Sections 1, 2 and 3 of this Article IV where unintentional errors occur or topographical conditions exist that would result in a minor violation of such restriction. Violations not in excess of twenty percent (20%) of the minimum requirements shall be deemed minor.

Section 10. Architectural Guidelines. All construction shall adhere to the architectural guidelines established by the Declarant and Architectural Committee for this subdivision unless specifically allowed otherwise.

ARTICLE V

EASEMENTS

Section 1. Utility Easements. Some or all of the lots shall be subject to such easements for water lines, sanitary sewers, storm drainage, gas lines, telephone and electric power line and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the lots to this Declaration. Such utilities must be installed underground.

Section 2. Easement Reserved. There is hereby reserved an easement five (5') feet in width along the side property lines and an easement ten (10') feet in width along the rear property line of each lot for the purpose of installation, repair, maintenance, erection, construction and inspection of water lines, sewer lines, gas lines, electric lines, telephone lines, cablevision lines or other such utility or service lines and for drainage cuts and storm sewer lines; provided, that if both sanitary sewer and storm sewer lines are located within the same easement, the easement reserved herein shall be twenty-five (25') feet in total width.

There are hereby reserved easements as shown on the recorded map or maps of the subdivision in addition to those described above. In the event of a conflict in the width of any easement reserved herein or on the recorded map, the wider easement shall prevail. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction of flow or drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

These reservations of easements expressly include the right of Declarant to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

Section 3. Priority of Easements. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the lots, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

Section 4. Power Easement. Declarant reserves the right to subject the real property in this subdivision to a contract with Duke Power Company for the installation of underground electric cables which may require an initial contribution and/or the installation of street lighting, which will require a continuing monthly payment to Duke Power Company by the owner of each lot.

Section 5. Easement for Benefit of Utility Company. An easement is hereby established for the benefit of any utility company for the setting, removing and reading of all utility meters as well as maintaining and replacing same.

Section 6. Open Ditch Easement Maintenance. Any open ditch drainage easement located on any lot shall be maintained, cleaned and kept free of debris and unobstructed by the owner of the lot.

Section 7. Declarant Easement. Every lot shall be subject to an easement for entry by the Declarant and Architectural Committee or their representatives for the purpose of inspection of any improvements on any lot previously approved by the Architectural Committee and to effect any remediation of any violation of these covenants or any improvement made not in conformity with approved plans or any improvement made without prior approval of the Architectural Committee.

Any violation of these covenants or variance from plans approved by the Architectural Committee or improvements made without approval may be remedied by the Declarant if not remedied by the lot owner within ten (10) days after written notice thereof given by Declarant to the lot owner. The cost of remediation shall be chargeable to the lot owner by Declarant and shall be a debt owed by the lot owner to Declarant. If the cost is not paid within ten (10) days of billing therefor, then Declarant may seek recovery of the amount owed before the courts.

ARTICLE VI

ANNEXATION OF ADDITIONAL PROPERTIES

If within five (5) years of the date of conveyance by Declarant of the first lot, Declarant should acquire land contiguous to the property subjected to this Declaration or Declarant should own land contiguous to the property subjected to this Declaration, and in either case should develop the additional land for single family residential use, then such contiguous land may be annexed by the Declarant without the consent or joinder of any lot owners in this Subdivision and may file and record such amendment

to this Declaration or document of annexation as is necessary without the consent of any lot owner in order to subject such additional lands to the terms of this Declaration.

ARTICLE VII

TERM

These Protective Covenants are to run with the land and shall be binding upon all parties and all persons claiming under them until January 1, 2013, at which time said covenants shall be automatically extended for successive periods of ten (10) years, unless by vote of a majority of the then owners of the lots in the Subdivision which are subjected to these covenants (exclusive of any mortgage holder or trustee under a deed of trust), it is agreed to terminate these Protective Covenants. Such termination shall not be effective until the recording of a document of termination in the Office of the Register of Deeds of Durham County properly executed and acknowledged by the majority so agreeing.

ARTICLE VIII

AMENDMENTS

(a) Prior to conveyance of any lot subject to these Protective Covenants, Declarant may amend these covenants without consent or joinder of any other party.

(b) Except for an amendment to annex additional lands to this subdivision and make the land subject to these Protective Covenants pursuant to Article VI hereof which may be filed by the Declarant, this Declaration may be amended only by an instrument signed by not less than sixty-six and two-thirds percent (66 2/3%) of the lot owners, including Declarant.

(c) No amendment is effective until a proper instrument is recorded in the Office of the Register of Deeds.

(d) The Declarant, without the consent or approval of any lot owner, 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 Subdivision 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 the 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 limitation, 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 Veterans Administration, U. S. Department of Housing and Urban Development, Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Home Mortgage Access Corporation, Governmental 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 requests or suggestion. When the Declaration has been approved by the above-referenced entities, then this Section shall terminate.

ARTICLE IX

ENFORCEMENT

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.

ARTICLE X

SEVERABILITY

Invalidation of any one of these covenants or any part thereof by judgment or court order in no way affects any of the other provisions which shall remain in full force and effect, and the failure of any person or persons to take action to enforce the violation of any of these covenants and restrictions shall not be construed as a waiver of any enforcement rights and shall not prevent the enforcement of such covenant or covenants in the future.

ARTICLE XI

CONFLICT

If any provisions hereof are in conflict with those of the Hope Valley Farms North Declaration, as the same may be amended, the provisions of the Hope Valley Farms North Declaration shall control.

ARTICLE XII

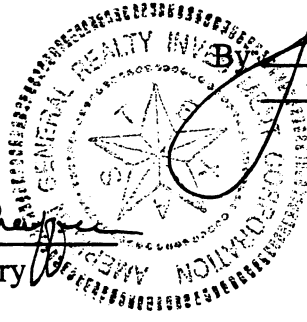
DECLARANT

The rights of Declarant hereunder may be exercised by the Declarant named herein or by its designated successor or assign.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be executed in its corporate name by its President, attested by its Secretary, and its corporate seal to be hereunto affixed, by order of its Board of Directors duly given, all as of the day and year first above written.

(Corporate Seal)

AMERICAN GENERAL REALTY
INVESTMENT CORPORATION



[Signature]
Vice President

Attest:

W. Michael Schaffer
Asst Secretary

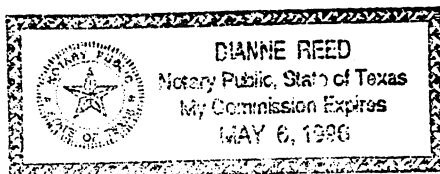
APPROVED	
AS TO CONTRACT COMPLIANCE	
PER SPI NO. 101	
LAW DEPARTMENT	
CONTROL NO.	194 233
DATE	2-17-94
SIGNATURE	<u>[Signature]</u>

STATE OF TEXAS :

COUNTY OF Harris :

I, a Notary Public of the County and State aforesaid, certify that W. Michael Schaffer personally came before me this day and acknowledged that he is Asst Secretary of American General Realty Investment Corporation, a Texas corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by W. Michael Schaffer as its Asst Secretary.

Witness my hand and official stamp or seal, this 14th day of February, 1994.



Dianne Reed
Notary Public
My Commission Expires: _____

State of North Carolina-Durham County

The foregoing certificate(s) of

Dianne Reed
A Notary (Notaries) Public for the Designated Governments units is (are) certified to be correct.

This the 18 day of Feb, A.D. 1994
Ruth C. Garrett [Signature]
Register of Deeds

By: Assistant, Deputy
Register of Deeds