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WAYNE COUNTY, NC
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NORTH CAROLINA

WAYNE COUNTY

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
DERBY RIDGE, SECTION 1**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
DERBY RIDGE, SECTION 1 (this “Declaration”) is made as of the 24th day of June,
2025, by **CE2, LLC**, a North Carolina limited liability company (the “Declarant”).

The Declarant is the owner of that certain real property shown on that certain map
entitled, “Final Map of: **DERBY RIDGE, SECTION 1**, Stoney Creek Township, Wayne
County, N. C.,” which map is recorded in **Plat Cabinet Q, Slide 17-J**, of the Wayne County
Registry. The Declarant will convey to third parties lots which are portions of the aforesaid real
property, subject to certain protective covenants, conditions, restrictions, reservations, liens and
charges as hereinafter set forth, which are for the purpose of protecting the value and desirability
of same. The Declarant has established a general plan for the improvement and development of
said real property and does hereby establish the following covenants, conditions, reservations,
restrictions, easements, liens and charges upon which, and subject to which, all lots and portions
of such lots shall be improved or sold and conveyed. The covenants, conditions, reservations,

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restrictions, easements, liens and charges are hereinafter set out and shall run with the land and shall be binding upon and inure to the benefit of the purchasers, their heirs, personal representatives, successors and assigns. The covenants, conditions, reservations, restrictions, easements, liens and charges are as follows:

ARTICLE I

Definitions

Section 1. “The Act” shall mean the North Carolina Planned Community Act as set forth in Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 2. “Association” shall mean and refer to Derby Ridge Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns or any new Association created for any additional sections of Derby Ridge provided for in this Declaration, as applicable.

Section 3. “Board of Directors” or “Board” shall mean those persons appointed or elected as provided in the Bylaws of the Association and acting collectively as the Board of Directors of the Association.

Section 4. “Bylaws” shall mean the duly adopted bylaws of the Association.

Section 5. “Common Area” shall mean all real property or interest in real property owned by the Association for the common use and enjoyment of all Members of the Association.

Section 6. “Declarant” shall mean and refer to CE2, LLC, its successors and assigns. Declarant shall be considered an Owner.

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Section 7. “Front” shall mean the land lying between any House and any public road as shown on the recorded map or maps of the Property; “Rear” shall mean the land lying between the back of any House and the rear line of the Lot; “Side” shall mean the land lying on either side of the House between the Front and the Rear of the Lot.

Section 8. “House” shall mean and refer to a building situated upon a Lot designed and intended for use and occupancy as a residence.

Section 9. “Lot” shall mean and refer to any of the numbered plots of land described as Lots 1 through 46 as shown on the Plat.

Section 10. “Member” shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 11. “Owner” shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. “Owners” shall mean more than one Owner.

Section 12. “Plat” shall mean that certain plat entitled “Final Map of: **DERBY RIDGE, SECTION 1**, Stoney Creek Township, Wayne County, N. C.,” which map is recorded in **Plat Cabinet Q, Slide 17-J**, of the Wayne County Registry.

Section 13. “Property” shall mean and refer to that certain real property situated in Stoney Creek Township, Wayne County, North Carolina, which is more particularly described as the Lots and Common Areas shown on the Plat, and any additional sections of Derby Ridge

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provided for under this Declaration when a map thereof and supplementary Declaration are properly recorded in the Wayne County Registry.

ARTICLE II

Property Rights

Section 1. “Owners’ Easements”. Every Owner shall have a right and easement of access, ingress and egress on and over the Common Area, which rights shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The Association shall have the right to restrict or prohibit use of the Common Area while conducting maintenance, repair and restoration of same;

(b) The Association shall have the right to impose reasonable regulations for the use and enjoyment of the Common Area; and

(c) The Declarant and/or the Association shall have the right to construct and maintain improvements within the Common Area.

Section 2. “Delegation of Use”. Any Owner may delegate, in accordance with the Bylaws and the restrictions and regulations imposed by the Association, his rights of access, ingress and egress, on and over the Common Area to the members of his family, his tenants, guests, invitees or contract purchasers who reside on a Lot.

Section 3. “Parking Rights”. All business vehicles, trucks, boats, trailers, campers, motor homes, recreational vehicles and any similar vehicle, and all-terrain vehicles, including but not limited to three-wheelers, four-wheelers, off-road motorcycles and go-carts, shall be not parked or stored on any Lot, unless same is stored in a garage with the garage door closed. All-terrain

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vehicles, including but not limited to three-wheelers, four-wheelers, off-road motorcycles and go-carts, shall not be driven upon any Lot, street, public right-of-way or common area within the subdivision. No cars, trucks, vehicles, boats, trailers, campers, motor homes, recreational vehicles, business or commercial vehicles or equipment, or all-terrain vehicles, including but not limited to three-wheelers, four-wheelers, off-road motorcycles and go-carts, may be parked upon any road or street or public right-of-way or common area within the subdivision.

Section 4. “Television Antennas and Cables”. The Declarant and/or the Association may adopt and enforce restrictions, including as to both location and size, upon satellite dishes, antennas and similar devices on individual Lots (including restrictions needed for safety or historic preservation purposes) that do not impair the installation, maintenance or use of such devices in violation of applicable laws and regulations. Any satellite dish, antenna or similar device installed by an Owner on any Lot must be installed and maintained in compliance with all applicable laws and regulations. No Owner may install a satellite dish, antenna or similar device in the Common Area.

ARTICLE III

Membership and Voting Rights

Section 1. The Association shall be organized and in legal existence prior to the sale of any Lot. Every Owner of a Lot shall be a Member of the Association and such membership shall be mandatory. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

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Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person owns an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. Class B Member shall be the Declarant. The Class B Member shall be entitled to five (5) votes for each Lot in which it holds the interest required for membership by this Article III, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in Class A membership equal or exceed the total votes outstanding in Class B membership, or

(b) On July 1, 2035.

Section 3. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations, the Articles of Incorporation and the Bylaws of the Association or the provisions of this Declaration.

ARTICLE IV

Association Responsibilities, Covenants for Assessments

Section 1. “Creation of the Lien and Personal Obligation for Assessments”. The Association shall be responsible for those items of maintenance, repair and replacement set forth in this Declaration and particularly in Section 2 of this Article, together with such other duties as are determined by the Board of Directors to be in the best interest of the Members, and to that

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end each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) periodic assessments or charges, and (2) special assessments for extraordinary maintenance and capital improvement purposes, such periodic and special assessments to be established and collected as hereinafter provided, and (3) to the appropriate governmental authority a pro-rata share of assessments for any improvements to the Property or other common public facilities if the Association shall fail to pay for same, all as hereinafter provided.

The periodic and special assessments (together with interest thereon and costs and reasonable attorney fees incurred by the Association as a result of nonpayment of assessments) shall be in the nature of a charge on the land and shall be a continuing lien upon the Lot of the delinquent Owner and shall be enforceable by the Association by resorting to available legal remedies. The obligation for delinquent assessments shall pass to the successors in title to any Lot, unless specifically provided to the contrary herein or by applicable law.

Section 2. “Purpose of Assessments”. The assessments levied by the Association shall be used for payment of the cost of those items for which the Association is responsible as specified in this Declaration and for such expenditures as otherwise promote the health, safety, welfare and quality of life of the residents of the Property and protect the Owners’ investments, which are approved as provided in Article IV. In particular, but not to the exclusion of other uses approved by the Board of Directors of the Association, such assessments shall be used for maintenance of all improvements to be made by the Declarant and/or the Association, including, but not limited to, signage, fencing, lighting and illumination systems; for the plantings, trees,

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vegetation and maintenance of areas designated as Common Area, including irrigation systems; for the maintenance of all sidewalks and streets; for maintaining and, if necessary, upgrading the stormwater drainage easement shown on the Plat to assure its proper function at all times; for the procurement and maintenance of insurance in accordance with this Declaration and the Bylaws; and for the employment of counsel, accountants and other professions for the Association, and its Board of Directors, officers, designees or agents, when necessary to accomplish the purposes of this Declaration.

Section 3. “Periodic Assessment”. Until December 31 of the year of the conveyance of the first Lot to an Owner, a periodic assessment per Lot and a periodic assessment per Lot with House shall be set by the Board of Directors.

(a) The periodic assessment for the calendar year immediately following the conveyance of the first Lot to an Owner shall be established by the Board of Directors and may be increased by the Board of Directors for said year and any subsequent calendar year without approval by the membership by an amount not to exceed fifteen per cent (15%) of the periodic assessment for the previous calendar year.

(b) The periodic assessment for the calendar year immediately following the conveyance of the first Lot to an Owner and for any subsequent calendar year may be increased more than fifteen per cent (15%) by a vote of a majority of the votes of the Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board may set two categories of periodic assessments:

(1) Members with completed Houses on their Lots.

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(2) Members with vacant Lots.

(d) The Board may set the period assessments for Members with vacant Lots below or at the same amount established for Members with completed Houses on their Lots; however, the Board may not set the period assessments for Members with vacant Lots in an amount more than the amount established for Members with completed Houses on their Lots.

Section 4. “Payable Periodic Assessment”. The Board of Directors shall determine the timing and method of the payment of the periodic assessment. The periodic assessment shall be made on a monthly, quarterly or annual basis as determined by the Board of Directors.

Section 5. “Special Assessments”. In addition to the periodic assessments authorized above, the Association may levy, in any calendar year, special assessments for the purpose of defraying in whole or in part the costs of any capital construction, reconstruction, restoration, extraordinary maintenance, repair or replacement of portions of the Property, Common Area or improvements thereon for which the Association is responsible or may undertake under the terms of this Declaration, provided that 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. The Board of Directors shall determine the timing and method of the payment of the special assessments.

Section 6. “Notice and Quorum for any Action Authorized Under this Article”. Written notice of any meeting called for the purposes of taking any action authorized under Section 2, 3 (b) or 5 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 proxies

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entitled to cast at least sixty per cent (60%) of all votes of the combined classes of 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 (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. “Uniform Rate of Assessment”. Both Periodic and Special Assessments must be fixed at a uniform rate, unless otherwise specifically provided herein, and may be collected on a monthly, quarterly or annual basis. All Special Assessments for maintenance and improvements of the Common Area shall be shared equally by the Owners.

Section 8. “Date and Commencement of Periodic Assessments; Due Dates; Certificate of Assessment Status”. The applicable periodic assessment provided for herein shall commence as to each Lot on the first day of the month following conveyance of such Lot or on the first day of the month following the issuance of a Certificate of Occupancy by the applicable governmental authority for any House constructed thereon. Within sixty (60) days of the end of the Association’s fiscal year, the Board of Directors shall fix the amount of the periodic assessment against each Lot and shall send written notice of such assessment and the due date(s) established by the Board of Directors to every Owner subject thereto.

The Association shall, upon request of an Owner or his duly authorized agent, and for a reasonable charge, furnish a certificate signed by an agent or officer of the Association setting forth whether the assessments on a specified Lot have been paid.

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Section 9. “Effect of Nonpayment of Assessments; 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 rate of eighteen per cent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property, and interest, costs and reasonable attorney’s fees of such action or foreclosure shall be added to the amount of such assessment.

Section 10. “Subordination of the Lien to Mortgages”. The liens provided for herein shall be subordinate to the lien of any first lien mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding sections. However, the sale or transfer of any Lot pursuant to a foreclosure of such first lien mortgage or deed of trust shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

Architectural Control

In order to maintain architectural beauty in the development of the Property and to guard against the erection of poor or unsuitably designed or proportioned structures, no building or landscaping shall be erected, installed or allowed to remain on any Lot, nor shall any additions, improvements or alterations of any building or landscaping be made (including, without limitation, the construction of accessory buildings, screenings, fences, plantings, mailboxes, or any other thing that affects the aesthetics of the community, and repairs or restoration due to fire

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or other casualty or change in painted surfaces) until the plans and specifications showing the nature, kind, color, texture of all building materials (including shingle designs, which shall be dimensional in nature, including shingle color) and the colors of the exterior of the residence or improvement, and the style, dimensions and Lot location of the same shall have been submitted to and approved in writing as to harmony of external design, material and location in relation to surrounding structures and topography by the Board of Directors of the Association. The Board of Directors may require such person to submit additional information to it which will enable it to preliminarily determine the suitability of the plot plans and the compatibility of the preliminary plans to the neighborhood.

The Board of Directors may appoint an advisory architectural committee composed of three (3) or more representatives (the "Architectural Committee"). The Board of Directors may appoint qualified persons to serve on the Architectural Committee who are not Members of the Association. In the event that the Architectural Committee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, such design and location shall be deemed to have been approved unless they otherwise fail to comply with these Restrictive and Protective Covenants.

Once the Architectural Committee has given its preliminary approval, the Owner or his proposed builder shall complete and finalize the plans and specifications. Before obtaining a building permit or commencing construction, the Owner or builder shall submit to the Architectural Committee the final working drawings and specifications. The Architectural

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Committee shall approve, in writing, the same if it determines the final plans to be in substantial compliance with this Declaration and the preliminary plans previously approved.

Once approved by the Board of Directors and/or the Architectural Committee, all plans and specifications for proposed structures to be erected on the Property shall be submitted to the applicable governmental authority for its approval within its scope of review. After receipt of a building permit, said structures must be constructed in strict accordance with this Declaration and the final plans and specifications approved by the Board of Directors and/or the Architectural Committee and constructed and maintained in full compliance with all applicable governmental laws, rules and regulations.

ARTICLE VI

Use Restrictions

1. All Lots shall be developed solely for single family residential purposes. No Lot shall be used for business, manufacturing or commercial purposes. No building or structure intended for or adapted to business purposes, apartment houses, duplexes, lodging houses, rooming houses, hospitals, churches, and doctor's or other professional service offices shall be erected, placed, permitted, or maintained on any Lot or portion thereof. No improvement or structure whatsoever, other than a first class private dwelling House, patio walls, inground swimming pool, family recreational structures, and customary outbuildings, garage or carport, shall be erected, placed or maintained on any Lot or portion thereof. No building or structure with exposed concrete block walls shall be erected, placed or maintained on any Lot or portion

thereof. The exterior of all buildings or structures shall be constructed of brick, stone, stucco, vinyl or fiber cement and subject to APPROVAL of Architectural Committee.

2. The minimum space requirements for the House to be constructed on each Lot, exclusive of garages, carports, porches, attics and basements, shall be 1,400 heated square feet for a one (1) story House and 2,200 heated square feet for a two (2) story House, (not counting the square footage of the garage). No House shall exceed two and one-half (2½) stories in height. No House shall have a private garage or carport for more than three (3) vehicles, and all such garages or carports shall be attached to the main dwelling House unless aesthetically compatible with the main dwelling House and APPROVED by the Architectural Committee.

3. No building shall be erected or allowed to remain on any Lot without conforming to the following minimum setback requirements. The building front line of each House shall be in accordance with the setback lines as shown on the subdivision plat, with a minimum front setback line of thirty (30) feet from the part of the House, porch, garage or carport nearest the front property line. The minimum side setback line for each Lot shall be ten (10) feet as measured from the part of the House, porch, garage or carport nearest the side property line and shall be computed along a line that is parallel with the front building setback line. The minimum side street setback line shall be twenty-five (25) feet as measured from the part of the House, porch, garage or carport nearest the side street property line. The minimum rear setback line shall be twenty-five (25) feet as measured from the part of the House, porch, garage or carport nearest the rear property line. Accessory buildings shall not be erected within the aforesaid minimum front or side or side street setback lines or within twenty (20) feet of any street or

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highway or within ten (10) feet of any interior lot line. Accessory buildings may be located in a rear yard provided, located more than ten (10) feet from any property line and provided further that **any accessory building erected or placed on a lot shall be of the same basic style or design and shall aesthetically balance with the primary House.** Any and all accessory buildings or uses shall be approved by the Architectural Committee named herein. Each House must face the street or highway upon which the lot is located. Notwithstanding anything to the contrary contained in this Declaration, the Architectural Committee named herein shall have the power and authority, which shall be exercised in the sole discretion of the Architectural Committee, to reduce the minimum front, side, side street and/or rear setback line of any lot if the Architectural Committee determines that it is impossible or impractical for any certain Lot to accommodate the house proposed to be constructed on said Lot; and no person, firm or corporation who acquires any lot embraced within the development of **Derby Ridge**, shall have any claim or right of action nor shall be entitled to recover any damages or costs from the Declarant, the Board of Directors, the Architectural Committee, their successors, heirs or assigns, or any other person, firm or corporation on account of the reduction by the Architectural Committee of any minimum front setback line of any lot within said development. Except as any minimum front, side, side street and/or rear setback line of any Lot that shall be reduced in the sole discretion of the Architectural Committee, no building shall be erected or allowed to remain on any Lot without conforming to the minimum setback requirements set forth in the Plat.

4. Except as otherwise approved by the Architectural Committee, no Lot shall be subdivided into a parcel or parcels unless it shall be for the sole purpose of enlarging two (2) or

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more adjoining Lots where a single vacant Lot lies between them, provided that the Owner of each such adjoining Lot shall have a new boundary survey of the adjoining Lot and the additional parcel made combining them into one larger Lot and recorded in the Wayne County Registry. Two (2) adjoining lots may be combined into one (1) larger Lot, provided that the Owner shall have a boundary survey of the two Lots made combining them into one larger Lot and recorded in the Wayne County Registry. In the event that two (2) adjoining Lots are combined into one larger Lot, they may later be subdivided back into the two (2) original adjoining Lots provided that each such lot shall then comply with all terms and provisions of this Declaration.

5. No fence, wall, barricade, solid row shrubbery or tree 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: No such structure shall be allowed between the front of any Lot and the rear of the House located upon such Lot, unless approved by the Architectural Committee; and, no such structure shall exceed five (5) feet in height down the side lines, unless approved by the Architectural Committee. All fences shall be constructed of black chain link vinyl and are allowed only in that portion of a Lot which is situated behind the rear of the House located upon such Lot. No wood fences are allowed. All privacy fences must be approved by the Architectural Committee. All such structures shall be maintained in an attractive and good condition.

6. No trailer, mobile home, modular home, home otherwise manufactured off the premises, basement (unless basement is a part of the dwelling House erected at the same time),

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tent, or shack shall be erected or placed on any Lot. House trailers are specifically prohibited, including the storage of such trailers.

7. All business vehicles, trucks, boats, trailers, campers, motor homes and recreational vehicles shall be parked and stored behind the House situated on any Lot and more than ten (10) feet off the side and rear property lines or behind the fence on any Lot. All-terrain vehicles, including but not limited to three-wheelers, four-wheelers, off-road motorcycles and go-carts, shall not be driven upon any Lot. No cars, trucks, vehicles, boats, trailers, campers, motor homes or recreational vehicles may be parked upon any road or street or any public right-of-way within the Property.

8. No animals or poultry of any kind, other than three (3) ordinary house pets, shall be kept or maintained on any Lot. No stables for horses, ponies, or other livestock shall be permitted on any Lot. No pens for dogs shall be permitted on any Lot, except that a small dog house and a commercially constructed kennel of black vinyl chain link material placed on a sufficient concrete pad, both approved by the Architectural Committee, is permissible.

9. All utility lines required to serve Houses shall be placed underground. Accordingly, the Declarant hereby reserves unto itself and the Association, and their 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 (but only within 15 feet of the street or lot line) of the development, for gas, water, sanitary sewer, telephone, cable television, electric and drainage lines, pipes, wires, cables and all equipment necessary for the installation, use and maintenance of such utilities and services.

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10. The Declarant and the Association reserve the right to subject the Property to a contract with Duke Energy Progress, LLC for the installation of underground electric cables and/or the installation of street lights, either or both of which may require an initial contribution and/or a continuing monthly payment to Duke Energy Progress, LLC by the Owner of each Lot or by the Association. No buildings, fences, trees, shrubs, or other obstructions shall be placed within five (5) feet of the center line of Duke Energy Progress, LLC's underground electric line, said center line to be located three (3) feet from the outside of the rights of way of street and roads as set forth in the recorded plat referred to above.

11. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot and the Common Areas for the installation, maintenance, repair and replacement of facilities for the drainage of surface and/or storm water as set forth in the recorded plat referred to above.

12. No sign or billboard of any kind shall be erected or allowed to remain on any Lot other than a "For Sale" sign which shall not exceed six (6) feet square, and any such sale sign shall always be done professionally in keeping with the surroundings.

13. The disposal of sewage and all waste matter, including garbage, trash, rubbish, etc., generated upon any and all lots shall at all times be done in compliance with regulations of the North Carolina State Board of Health and the Wayne County Board of Health and any other governmental authority which may have jurisdiction over such disposal matters. All containers used for garbage, trash, rubbish, etc. shall be concealed from the view of neighboring lots, roads,

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or streets. Only good and satisfactory containers which are proper and appropriate for street-side pickup shall be used for waste matter, including garbage, trash, rubbish, etc.

14. Any and all tanks for use in connection with any House constructed on any Lot, including tanks for the storage of fuels, shall be screened by a fence or landscaping or buried underground in order not to be visible from the street or front of the House.

15. Cluster mailboxes will be furnished for all Owners. It will be the Owner's responsibility to replace any lost keys or if necessary replace the entire locking system at the Owner's expense. It will be the Owner's responsibility to furnish the necessary keys to new Owners in the event of the sale of their House and Lot. The United States Postal Service, the Developer and the Association will not be responsible for the upkeep or repair of any of the cluster units or individual mailbox slots. The USPS, the Developer and the Association shall not be responsible for replacing or repairing any damaged or destroyed cluster unit. It shall be the responsibility of the Owner using a particular unit to make necessary repairs or to replace the unit at the Owner's expense.

16. No satellite receiving dish or equipment exceeding one (1) meter in diameter shall be erected or placed on any House or Lot for the purpose of receiving or transmitting television or radio signals, provided same shall be installed only on the rear of the House.

17. 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. This shall apply to vehicles that are not in a usable condition, including, but not be limited to, automobiles, boats, recreational

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vehicles, trucks and trailers that are left in an unusable condition for a period more than thirty (30) days. Nor shall any substance, object, plantings, or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that may disturb the peace, quiet, comfort, or serenity of the occupants of other Lots. Owners of vacant Lots shall be required to keep said Lots clean and mowed and free of undesirable undergrowth which might be objectionable to adjoining Lot Owners or Derby Ridge in general. The use of firearms, including but not limited to BB and pellet guns, is prohibited upon any and all Lots.

18. No individual drinking water supply system shall be permitted, installed or maintained on any Lot. An individual irrigation water supply system may be permitted, installed or maintained on a Lot provided that it is located, constructed, equipped and maintained in accordance with the requirements, standards, and approval of the Wayne County Health Department and any other governmental authority which may have jurisdiction over such matters. No irrigation well shall be constructed or maintained within the front setback line of any Lot.

19. The installation of all driveways from any public street onto any of the Lots shall be completed according to the specifications established by the North Carolina Department of Transportation. Before installing a driveway, drainage ditch or drainage tile, the Owner shall contact the North Carolina Department of Transportation to obtain all specifications and requirements for the installation of said driveway, drainage ditch or drainage tile as established by the North Carolina Department of Transportation and shall complete the installation under the supervision of the North Carolina Department of Transportation and in accordance with any

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permit, specifications and/or requirements issued by the North Carolina Department of Transportation. All driveways installed or maintained upon any Lot must be paved with asphalt, concrete or brick pavers which are a minimum of two (2) inches thick and applied to a base adequate to support same.

20. If a House constructed upon any Lot should be damaged by fire, storm or other hazard, the Owner must repair, rebuild, or remodel the House to the same style, quality of construction and size as the original House, and the construction plans must be approved by the Architectural Committee. Work on the damaged or destroyed house must begin within ninety (90) from the date on which the damage occurs and must be pursued diligently until completion.

21. Following the purchase of a vacant Lot, the Owner shall commence construction of a House upon said Lot in accordance with the terms and conditions of this Declaration within 365 days (1 year) next following the date of purchase of said vacant Lot and shall diligently pursue completion of said House. This requirement shall not apply to any Lot that is subdivided pursuant to the provisions above for the sole purpose of enlarging two (2) or more adjoining Lots where a single vacant Lot lies between them and Houses have been constructed on those adjoining Lots. Also, this requirement shall not apply to any Lot that is combined with an adjoining Lot into one new, larger Lot pursuant to the provisions above when a House has been constructed on the adjoining Lot; provided that if that larger Lot is later subdivided into the two original Lots, this requirement to begin construction of a House within one year shall then apply. Also, this requirement to begin construction within one year shall not apply to any Lot which is

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purchased by the Owner of an adjoining Lot upon which a House has been constructed, for such period of time as the same Owner shall own both Lots.

22. Any person or entity who purchases a Lot directly from the Declarant or any corporate successor designated by the Declarant shall have sixty (60) days from the date of purchase in which to file with the Declarant or any corporate successor designated by the Declarant written notice of any physical defect in the Lot purchased. If not notified in writing within sixty (60) days from the date of purchase by such purchaser, then and in such event, the Declarant and any corporate successor designated by the Declarant shall have no liability or responsibility to such purchaser for the correction of said physical defects or for any claims or damages resulting therefrom. In no event shall the Declarant or any corporate successor designated by the Declarant have any liability to any subsequent purchaser of a Lot who does not purchase such Lot directly from the Declarant or any corporate successor designated by the Declarant for the correction of any physical defects in a Lot or for any claims or damages resulting therefrom.

23. In the event that any Lot within **Derby Ridge** shall contain any wetlands protected by applicable Federal, State or Municipal laws and/or regulations, the owner of such Lot shall comply with such laws and/or regulations.

24. Enforcement of theses covenants in this Declaration 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. The parties hereto covenant, stipulate and agree for themselves, their heirs, successors and assigns, and on behalf of any and all persons, firms or

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corporations, who or which may hereafter acquire any Lot or Lots embraced within the development known as **Derby Ridge**, that any violation of the restrictions and limitations as to use thereof hereinbefore set forth shall entitle the Declarant, the Association, and/or any person, firm 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. The failure of the Declarant, the Association and/or any person or persons to take action to enforce these covenants shall not be deemed a waiver of any right to enforce these covenants in the future.

25. The 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.

ARTICLE VII

Additions to Common Area; Additions to Derby Ridge; Amendment; Binding Effect;

Governing Law

1. The Declarant reserves the right to convey any portion of the Property then owned by the Declarant to the Association as Common Area in addition to the Common Area shown on the Plat.

2. The Declarant hereby reserves the right to annex additional land into the development known as **Derby Ridge** without the consent of the Class A Members within twenty (20) years of the date of this Declaration. Any property annexed for such purposes will be subject to and under the jurisdiction of the applicable Association and shall be designated as consecutively numbered sections or such other similar designations for any additional section added.

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3. The rights reserved by the Declarant also include the power to amend this Declaration to subject any property described above to the jurisdiction of the applicable Association and to the rights and obligations of this Declaration without the consent of Class A Members.

4. The Declarant may amend this Declaration at any time without the consent of Class A Members as long as the Declarant owns Class B Membership in the Association. When the Declarant no longer owns Class B Membership in the Association, the Association may amend this Declaration at any time, as long as consistent with the design, scheme and purposes of this Declaration, by affirmative vote or written agreement of the Board of Directors of the Association and by 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.

5. In the event of any dispute or disagreement with or between any Owners or Members relating to the interpretation or application of the provisions of this Declaration or the Bylaws of the Association, the determination thereof by the Declarant shall be final and binding upon each and every Owner and Member for so long as the Declarant owns Class B Membership in the Association. When the Declarant no longer owns Class B Membership in the Association, the determination of the Board of Directors of the Association shall be final and binding upon each and every Owner and Member, provided that any determination which directly or indirectly affects the Declarant shall require Declarant's prior consent to become binding upon Declarant.

6. This Declaration shall be constructed in accordance with and shall be governed by the laws of the State of North Carolina. Any action to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Wayne County, and for this purpose

each Owner and Member hereby expressly and irrevocably consents to the jurisdiction of said court.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed, the day and year first above written.

CE2, LLC

By: *R. Blain Crocker* (SEAL)
R. Blain Crocker, Manager

STATE OF NORTH CAROLINA
COUNTY OF WAYNE

I, Elisabeth A. Alvarado, a Notary Public for Wayne County, North Carolina, do hereby certify that R. Blain Crocker personally came before me this day and acknowledged that he is Manager of CE2, LLC, a North Carolina limited liability company, and that he as said Manager, being fully authorized to do so, executed the foregoing instrument on behalf of the said limited liability company.

Witness my hand and official seal, this the 24th day of June, 2025.

Elisabeth A. Alvarado
Notary Public

My Commission Expires:

10/20/2026

