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 BARBARA M GRAY, REGISTER OF DEEDS DARE CO, NC



Prepared by Robert L. Outten, Attorney at Law
 and return to: Kitty Hawk, NC 27949

NORTH CAROLINA
 DARE COUNTY

DECLARATION OF PROTECTIVE COVENANTS

THIS DECLARATION is made and entered the 16th day of January, 2003, by North Beach Development, LLC, being referred to as the "Declarant" within this document.

WITNESSETH:

WHEREAS, the Declarant is the owner of those certain lands described in "Exhibit A";

AND WHEREAS, the Declarant intends to sell lots in the subdivision described on the plat referred to in "Exhibit A" subject to certain protective restrictions, reservations and ~~covenants~~ in order to insure the most beneficial development of the said subdivision as a residential subdivision and to prevent any such use thereof as might tend to diminish the value or pleasurable enjoyment thereof, and it is the purpose of this declaration to declare and make known the covenants, conditions and restrictions which shall apply to the lands shown on said "Exhibit A".

NOW, THEREFORE, Declarant hereby declares and makes known that the following restrictions, reservations and covenants are hereby imposed upon the said subdivision which shall run with the land in the subdivision and shall be binding upon Declarant, its agents, heirs and assigns, and upon all parties and persons claiming by, through or under them.

1. Residential Use. No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than single-family residences and detached garages or storage building constructed in conformity and compliance with the architectural guidelines referenced in subsequent paragraphs of this Declaration. No business or business activity may be carried on upon the property at any time, provided, however, that nothing herein shall preclude the Declarant, its agents, affiliates and employees from using all or part of the land or buildings owned by them for the purpose of carrying on business directly related to the development, sales and/or management of the subdivision by the Declarant. Notwithstanding the foregoing, nothing in this declaration shall prohibit the use of the properties within the subdivision for common purposes, as designated on the plat of the subdivision or on subsequent plats recorded, or in such other documents as may be recorded by the Declarant, the rules and regulations for such uses to be set forth by the Declarant, or the property owners association described hereinafter. Any lot or property dedicated to use for common purposes or for other use, shall not be subject



to assessment or dues, as set forth hereafter in this declaration, so long as such use is dedicated to the use and benefit of the property owners association, its members and guests as defined in this declaration. Notwithstanding the foregoing or any other provision in this Declaration, in the event that Declarant owns a lot in the subdivision and desires to add additional lots to the property encumbered by this Declaration, Declarant's lot or lots may be used for street, utility, drainage or other purposes necessary to allow additional lots to be added to the property encumbered by this Declaration.

2. Subdivision of Lots. No lot shall be subdivided, or its boundary lines changed, except with the prior written consent of the Declarant, however, it shall be permissible to combine two or more adjacent lots, which have a common ownership, into one tract of land for purposes of building a dwelling which would be authorized on such lots individually. In the event of such a combination, the setback requirements relating to the common boundary between the lots will not prohibit building upon that boundary so long as setback requirements relating to the outside border of that tract are met. This provision does not reduce or remove any other restriction which may exist as a result of this declaration. Upon combination of two or more lots to build one dwelling as provided above, none of the combined lots may be built upon in the future unless the future building and the existing building are each in compliance with all setbacks, and other rules and regulations. In order that the purpose of this paragraph will not be avoided, condominiums, townhouses or other multiple family forms of ownership are understood to be prohibited by the prohibition against subdivision contained herein. Further, no property within the subdivision shall be developed or used in a manner that would constitute a "time-share" as defined in North Carolina General Statutes Chapter 93A-41.

3. Architectural Review of Plans. No building, fences or other structure shall be erected, placed, moved into, maintained or in any way altered on any lot within the subdivision until the proposed building plans, elevations, specifications, exterior color or finish, plot plan (showing proposed location and elevation of such building structure, drives and parking areas, septic system, and site clearing plan) shall have been submitted in duplicate to Declarant in writing together with an application fee of \$250.00, and such submittals have been approved by Declarant or its successor as evidenced by an approved copy of the elevation plans left in the permanent possession of the Declarant. The Declarant or its successor or designee may refuse to approve plans, location of improvements, improvements, site clearing plan, septic location or specifications upon any ground, including purely aesthetic considerations, which in the sole discretion of the Declarant shall deem sufficient. In the event that the forgoing submittals are not approved, there shall be a fee of \$50.00 paid with any resubmittals. Declarant shall have the authority to determine the location of any structure upon the lot, the location of the septic system, and the site clearing plan and such location shall be in Declarant or its successor's sole discretion. No fill material shall be placed on any lot in excess of the amount required by the Dare County Health Department if, in the judgement of the Declarant, such excess fill will negatively impact an adjoining property owner. The stormwater management plan for the subdivision shall be adhered to and shall not be modified by any owner without the consent of the appropriate state and/or local governmental entities regulating such plans. No alterations in the exterior appearance of any building or other structure shall be made without like approval by Declarant or its successor. The minimum square footage required shall be 1300 square feet of heated living area, exclusive of porches, patios,



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garages, unfinished areas and other protrusions from the base dimensions of the residence. There shall be 130square feet of open decks attached to all dwellings. No mobile homes, double wides or other structures of similar style or construction shall be permitted. Declarant shall have the authority to adopt Architectural Guidelines containing such additional requirements or changing such requirements, as Declarant may deem appropriate. Such guidelines shall include, but shall not be limited to the following conditions:

a. All driveways shall be a minimum of 20 feet wide at its intersection with the street and taper to a minimum of 12 feet in width thereafter. The first 20 feet of length from the road into the lot shall be constructed of concrete and the remaining length of the driveway may be constructed of concrete, asphalt, or smooth river rock or smooth stone (no crush and run). If rock or stone is used it must be contained by railroad ties, brick or their equivalents and the 12 feet width shall be measured from the inside edge of such containment structure.

b. All exterior colors shall be earth tones and shall be selected from an approved list of colors to be provided at the time of application for architectural review.

c. Exterior deck and stair pickets or balusters shall be attached to a top and bottom railing with a 3 inch space between the bottom of the picket or baluster and the deck or stair. No picket or baluster shall be attached directly to a girder or joist.

d. Roofs for the living area of the dwelling (all areas other than porches) shall have a 6/12 pitch. Dormers and porches may have less pitch as appropriate. Roof materials shall be a minimum of 235lb shingles and shall be of earth tone colors from chosen from samples to be provided at the time of application for architectural review.

e. No sheet fiber cement siding products shall be permitted.

f. All windows shall be vinyl clad. No aluminum windows shall be permitted. Sliding doors may be vinyl clad or aluminum. Exterior doors shall be fiberglass. No metal exterior doors shall be permitted. Garage doors shall be aluminum. No wooden or plastic garage doors shall be permitted.

g. No exposed wood pilings or exposed block shall be permitted. Exposed bricks in earth tones are permitted. Masonry foundations which are parged and painted an earth tone color from the approved samples are permitted. Lattice is permitted but shall be constricted of salt treated material with minimum dimensions of one and three quarter inches width by one inch thickness.

4. Maintenance of Buildings. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair; in the event of destruction or casualty, premises are to cleared and debris removed within sixty days from the date of such casualty. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept condition of buildings and other structures or grounds on his lot which shall tend substantially to decrease the beauty of the neighborhood and of the subdivision as a whole. Upon the failure of an owner to comply with this requirement, the Declarant reserves the right at its option, within three weeks after written notice has been mailed to such lot owner's last known address, to clean such property up or remove same if such property has been destroyed by fire or other disaster and Declarant's expense in so doing shall



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constitute a lien upon such owner's lot and improvements thereof, enforceable in the same manner as other liens described hereafter in the sections of this declaration dealing with liens and assessments.

5. Maintenance During Construction. During construction of improvements on the lots within the subdivision, the lot owner or builder shall maintain facilities for or arrange for a portable toilet on the premises. In addition, no approval for any improvements shall be effective until the owner or builder places, on an area adjacent to the pavement on the lot in question, a clay, marl, stone or other improved surface or base area so as to avoid the damage to the edge of the asphalt paved surface which occurs from access to the lot during construction. During construction, the owner or builder shall maintain a trash or rubbish bin of a type and size sufficient to avoid trash or debris from spreading from the building site and shall cause such area to be maintained and cleaned periodically, both during and at the end of construction.

6. Temporary Buildings. No trailer, double-wide modules, tent, shack or other temporary building shall be erected or placed on the lands within the subdivision except for the storage of materials or the convenience of workmen shall be permitted during the erection of a residence upon said lands, and such temporary structure shall be removed from said premises upon issuance of an occupancy permit of such residence. Notwithstanding the forgoing, Declarant or its successor shall have the right to require the removal of any trailer that may be permitted by this paragraph if, in the sole discretion of Declarant or its successor, such trailer is of a size, color, contains offensive language, or is otherwise out of character for the development or objectionable to Declarant or its successor for any reason.

7. Signs. There shall be no signs, billboards or advertising structures of any nature whatsoever placed on any lots or lands, except that one sign per lot, according to approval granted by the Declarant or the architectural review committee of the property owners association, shall be allowed for identification of the property owner and signs and notices of the property for rent or sale provided such sign shall be no larger than six square feet in size. Notwithstanding, Declarant may erect signs of such type, size, number or nature that it desires, to advertise and market the property which is subject to these covenants.

8. Animals. After the receipt of an occupancy permit, property owners may keep dogs, cats or other household pets, provided they are not kept, bred or maintained for any commercial purposes.

9. Easements. The Declarant reserves a perpetual, assignable and releasable easement and right-of-way over, on and under the ground to erect, maintain and use electric, cable television and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, cable television, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in, over or under the front ten (10) feet, the rear ten (10) feet and the side ten (10) feet of each lot.

10. Roads. The lot owners shall be responsible for the maintenance and repair of the roads as shown on the plat of the subdivision until such time as maintenance may be assumed by the municipality or other governmental entity. This responsibility

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shall exist, notwithstanding the dedication of the roads and rights of way to public use which occurs by recordation of the subdivision plat.

11. Occupancy. No residence erected upon any lot shall be occupied in any manner prior to completion of construction and the connection of permanent utilities.

12. Water and Sewage. All wells and septic tanks installed on the property shall be in accordance with the rules and regulations of the North Carolina Department of Health and the Dare County Health Department or the successor agency to such agencies or departments and shall be located on such lands in positions approved by such departments. No outside toilets will be permitted under any circumstances; except temporary toilets used during construction.

13. Setbacks. No building shall be located or constructed closer to any lot line than the designated setback shown on the plat of the subdivision for each lot, or if no setback is designated, then no closer than the setbacks adopted for residential dwellings by any applicable governmental unit.

14. Variances and Modifications. As long as it owns three (75%) percent or more of the lots in the subdivision, Declarant reserves the right to include in any declaration, contract or deed thereafter made or entered into, such modifications and additions to these protective covenants, which will, in the sole opinion of Declarant, raise the standards, enhance the desirability of the subdivision as a residential area, or alleviate hardships. Declarant, (or the property owners association, after Declarant has given control to such association, acting through its appropriate boards or committee), may allow reasonable variances and adjustments of these covenants in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that such is 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 property or improvements in the subdivision.

15. Violations. If the owners or occupants of any lot, or all of them, or their successors and assigns, shall violate any of the covenants and restrictions herein, it shall be the right of the Declarant herein, or its successors and assigns, or any lot owner in the subdivision, to institute proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant or restriction for the purpose of preventing him or them from so doing, or to recover damages for such violation, or both.

16. Severance. The failure of Declarant or any of such party entitled to enforce any protective covenant contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. Any provision of this declaration shall be deemed severable from the other provisions and in the event that any provision or portion of a provision or condition set forth within this declaration shall be deemed unenforceable, void, or unlawful, such a decision shall not affect the remainder of the covenants and conditions set forth within this declaration.

17. Continuation and Terminations. The foregoing conditions, reservations, declarations, covenants and easements shall be run



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with the lands and be binding upon all purchasers of lands or lots in said properties covered by these restrictions, and upon all persons or entities claiming under them through the 31st day of December, 2031, after which time the same shall be extended for successive periods of ten (10) years each, unless an instrument signed by a 75% of the then owners of the lots subject thereto has been recorded, agreeing to change the restrictions and covenants in whole or in part. For the purpose of such vote, the owners will be entitled to one (1) vote per lot regardless of the number of persons or entities owning any one lot.

18. Rules. Declarant reserves the right to promulgate rules as to the use of the common areas and amenities in the subdivision, if any. As such time as the administration and upkeep of such properties shall become the responsibility of the property owners association as described hereinafter, the rule making authorities shall then pass to the property owners association.

19. Property Owners Association. At such time as seventy five percent (75%) of the lots within the subdivision are owned by persons or firms other than the Declarant herein, or at such time prior to such date as Declarant may desire, the process of approval described in previous paragraphs shall become the authority and responsibility of the owners association described in this declaration (or its designated architectural review committee), if it is at that time existing as an active entity or organization; and, until the owners association is so activated, and the authority is granted to the association by Declarant, the authority as described herein shall remain with the Declarant or the designee of the Declarant. Upon the transfer of the Declarant's rights and duties set forth in this declaration to the association, association shall have all of the rights, powers and duties of Declarant as set forth in the declaration.

Each lot owner shall automatically become a member of the property owners association. It is acknowledged that the association shall consist of the owners of all lots within the subdivision and that each lot shall be entitled to equal voice or vote in the affairs of the association. The association shall have the right to assess the owners of lots within the subdivision for prorata shares of various costs, based upon the number of lots within the subdivision (excluding lots dedicated entirely to common uses). Such costs will include the costs of maintenance of common properties, the streets and water lines within the subdivision and other common expenses in the sole discretion of the owners association. The association shall maintain the sign advertising and identifying the subdivision if it desires, the common garbage can disposal site if required by any governmental entity, the gate for the subdivision, the lighting systems on sign, and any other common facilities which may be erected on the property. Any delay on the part of the Declarant herein, or by the owners of lots within the subdivision or additional sections of the subdivision, to formally organize the owners association or to exercise rights belonging to such association or to otherwise cause such association to function as a legal entity, shall not invalidate or effect the right to form the association. Until such time as the association shall be formally incorporated under the laws of the State of North Carolina, it shall exist as an unincorporated association. Until such time as Declarant transfers its interest in the common areas to the association, the Declarant and its successors and assigns shall act on behalf of the association. The name of the association shall be Joe Hobbs Homeowners Association. or such other name as may clearly designate the nature and existence of the organization.



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20. Subdivision Sign. Lots located at the intersection of a street which is within the bounds of the property encumbered by these covenants with a street not within the bounds of the property subject to these covenants shall be subject to an easement for the benefit of the association for the continued existence and maintenance of the sign identifying the subdivision and for access to and from the sign, including utility access, if such sign is desired by Declarant or by the Association. The area designated for the sign, including the landscaping and planting area surrounding the sign, shall not exceed fifteen feet by thirty feet.

21. Dues and Assessments. In order to provide for payment of dues and assessments for the association referred to hereinabove and in order to provide a means of collecting funds for the common expenses within the terms of this declaration, each lot within the subdivision shall be subject to the obligation for the payment of dues and assessments according to the terms of this declaration. The association shall have the right to place a claim of lien against any of the lots within the subdivision to collect unpaid dues or assessments and to maintain a civil action for collection of such sums. The following paragraphs set forth the guidelines, rules and regulations for the purpose of allocating such assessments and dues and the collection thereof.

Section 1. Creation of the lien and personal obligation of assessments. Each subsequent owner other than the Declarant, by acceptance of a conveyance for a lot within the subdivision, whether or not it shall be expressed in any such deed or conveyance, regardless of the method of conveyance and regardless of whether such subsequent owner is a direct purchaser from the Declarant or a successive purchaser, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment together with such interest thereon and cost of collection thereof as hereinafter provided, in Section 9 of these provisions, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due.

Section 2. The assessments levied by the association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the subdivision and the property owners, and in particular for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the common properties and of the homes situated upon the lots within the subdivision, including but not limited to, the payment of taxes and insurance on common properties, and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof. Specifically included within these purposes shall be the extension of such maintenance, services and similar matters to additional properties and subdivisions which are included within the Declarant's plan of development and subjected to these covenants at a later date.

Section 3. The annual assessment shall be in an amount determined by Declarant until the board of directors of the association is appointed, Declarant (or the subsequent Board



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of Directors) may, after consideration of current maintenance costs and future needs of the association, fix the assessment for any year at an amount it deems necessary to meet the needs of the association.

Section 4. In addition to the annual assessments authorized by Section 3 hereof, 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 or reconstruction, unexpected repair or replacement of a described capital item or improvement upon the common properties, including the necessary fixtures and personal property related thereto, provided any such assessment shall have the assent of three-fifths (3/5) of the votes of all voting members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Subject to the limitation of Section 3 hereof, and for the periods therein specified, the association may change the maximum and basis of the assessments fixed by Section 3 hereof, prospectively for any such period provided that any such changes shall have the assent of three-fifths (3/5) of the voting members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting, provided further that the limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the association is authorized to participate under its articles of incorporation.

Section 6. The quorum required for any action authorized by Section 4 and 5 hereof shall be as follows: At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting 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 forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. The annual assessments provided for herein shall commence on a date to be determined by Declarant and shall continue in the same date in each successive year. No adjustment or prorations of assessments shall be made by the association. For purposes of levying the assessment, assessments shall be considered to be paid in advance and shall be levied against any property which is subject to the declaration or any supplemental declaration. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. The board of directors of the association shall prepare a roster of the properties and assessments applicable thereto at least thirty (30) days in advance of such assessment due date. Such assessment roster shall be open to inspection by any owner. Written notice of the assessment shall thereupon be sent to every owner subject



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thereto. The association shall, upon demand at any time, furnish to any owner liable for said assessment a certificate in writing signed by an officer of the association, setting forth whether the assessment has been paid. Such statement shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. If an assessment is not paid on the date when due (being the date specified in Section 7), then such assessment shall become delinquent and shall, together with interest thereon and costs of collection thereof, including attorney's fees, as hereafter provided, thereupon become a continuing lien of the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representative and assigns. The personal obligation of the then owner to pay such assessment, however, shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, a penalty fee not to exceed \$5.00 shall be added thereto and from that date interest at the then legal rate as established by law may be added to the delinquent balance and penalty and the association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property. There shall be added to such assessment, delinquent fee and interest, the cost of preparing and filing a complaint in such action and in the event that judgment is obtained, such judgment shall include interest on the total amount as above provided and reasonable attorney's fees to be fixed by the court together with the costs of the action. The Declarant or association shall establish a registered office where determination may be made of the amount of any unpaid fees and charges hereunder and the failure so to do within ten (10) years from the date of this instrument shall terminate the obligation, if any, of the purchaser for value of a lot in said subdivision from being encumbered by such delinquent fee.

Section 10. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve any property owner from liability for any assessment thereafter becoming due, not from the lien of any such subsequent assessment.

Section 11. The following property subject to this declaration shall be exempted from the assessments, charges and liens created herein: (a) all property to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all common properties referred to in the declaration or set forth on the plat of the subdivision referred to above or acquired in the future; (c) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption; (d) lots owned by Declarant. Except as provided in this paragraph, no property or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

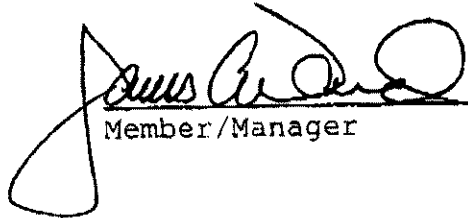


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22. Additional Properties. Declarant reserves the right to add additional properties to these covenants at any time in the future. Upon the addition of such properties, any streets or common areas in the additional area shall be dedicated to the use of the existing property owners, the expense of such additional streets and common areas, if any, shall be added to the expenses of associated with the existing properties and the total expenses associated with the existing properties and the additional properties shall be prorated equally between all property owners of the existing property and the additional property.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed in its name and in the capacity as set forth below, this the 16th day of January, 2003.

North Beach Development, LLC

 (SEAL)
Member/Manager

STATE OF North Carolina
CITY/COUNTY OF Dare

I, the undersigned, a Notary Public in and for the aforesaid State and City/County, do hereby certify that James C. Ward, Member/Manager of North Beach Development, LLC personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness, my hand and notarial seal this the 16th day of January, 2003.

My Commission Expires:
April 16, 2005


Notary Public





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NORTH CAROLINA
DARE COUNTY

The foregoing Certificates of Janet Y. Stone
a Notary Public of Commonwealth of Va
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.

BARBARA M. GRAY

REGISTER OF DEEDS

Andrew Y. Tackett

BY: ~~DEPUTY/ASSISTANT~~ REGISTER OF DEEDS