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Doc ID: 001066070027 Type: CRP
Recorded: 06/07/2006 at 01:30:11 PM
Fee Amt: \$92.00 Page 1 of 27
Onslow County, NC
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BK 2670 PG 373-399

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR LIVE OAK COVE SUBDIVISION

This Declaration of Covenants, Conditions and Restrictions for Live Oak Cove Subdivision ("Declarations") made the 14 day of June, 2006, by Live Oak Developers, Inc., hereinafter referred to as "Declarant" or "Developer" for the purposes hereinafter stated:

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Onslow County, North Carolina, described as "Being all of Tract 2 as surveyed by Dennis L. Manning, Registered Surveyor, and recorded in Map Book 36, Page 59, Slide J-806, at the Onslow County Registry" known as LIVE OAK COVE, as shown on a plat recorded in the Office of the Register of Deeds of Onslow County, North Carolina, in Map Book 51, Page 19 to which reference is made for a more particular description and all other such property that may be annexed in accordance with the process set forth herein (the "Property"); and

WHEREAS, Declarant now owns or may acquire other lands that may or may not be contiguous with real property that constitutes Live Oak Cove, which at Declarant's sole option may be added to the Planned Community (as hereinafter defined) and be bound by the provisions of these Declaration and shall be treated as part of the Property; and

WHEREAS, it may be to the advantage to the Declarant and the community that other contiguous lots be allowed to join the Subdivision and become annexed to the Declarations and adopt and become a part of this Declaration and be bound by the provisions of these Declaration and shall be treated as part of the Property and the Declarant or the Association may allow it at a future date; and

WHEREAS, Declarant is unable to determine at the time of recording of this Declaration what types of residential housing or units or developments will be constructed on any Additional Property (as hereinafter defined) but desires to retain the flexibility for this Declaration to accommodate such different housing or units and development.

NOW, THEREFORE, Declarant declares that the Property described above shall be held sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F of the North Carolina General Statutes (the "Act"), as well as the following easements, restrictions, covenants, and conditions.

ARTICLE I

DEFINITIONS

In addition to other terms defined herein, the following capitalized terms shall have the following meanings as used herein:

SECTION 1. Additional Property shall mean and refer to any lands, in addition to the above described Property, annexed to and made a part of the Planned Community, whether such lands are now owned or hereafter acquired by Declarant or others, and whether developed by Declarant or others and whether contiguous with existing phases or not contiguous thereto.

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to LIVE OAK COVE HOMEOWNERS' ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns, the owners association organized pursuant to the Act for the purposes set forth herein.

SECTION 4. Common Elements shall mean and refer to all lands and easements within or appurtenant to the Planned Community which are owned or enjoyed by the Association, other than a Lot, and intended for the common use and enjoyment of the Declarant, Owners, and their tenants including, without limitation, any private roads, docks, boat launch facilities, perimeter fencing for the Property (but not privacy fences located on or within a Lot), and storm water retention ponds within the Planned Community. Common Elements shall also include any areas designated on any plats for the Planned Community as "Open Space", "Common Area", "Common Element", "Recreation Area", "Amenity Area", or any Roads shown on such plats or any other area designated or described by any other similar designation. Common Elements need not be contiguous to or abutting the Property or any Additional Property.

SECTION 5. Common Expenses means expenditures made by or financial liabilities of the Association, together with any allocations to reserves, all of which shall be the responsibility of the Owners (as that term is defined herein).

SECTION 6. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise.

SECTION 7. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to LIVE OAK DEVELOPERS, INC., its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant or a Lot not previously disposed of for the purpose of development and reserves or succeeds to any Special Declarant Right.

SECTION 8. Declarant Control Period or Period of Declarant Control shall have the meaning set forth in Article III hereof.

SECTION 9. Declaration shall mean this instrument and as it may be from time to time amended or supplemented.

SECTION 10. Executive Board or Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Declaration or otherwise to act on behalf of the Association.

SECTION 11. Lot(s) shall mean and refer to any portion of the Planned Community designated for separate ownership by a Lot Owner and shown on a recorded subdivision plat which has been approved by the applicable planning board or other governmental authority.

SECTION 12. Lot Owner or Owner shall mean any Person, except the Declarant who owns a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Declarant is not an Owner or Lot Owner.

SECTION 13. Master Association means a master association as defined in the Act.

SECTION 14. Member shall mean any member of the Association, including Declarant.

SECTION 15. Person means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 16. Planned Community shall mean and refer to the Property plus any Additional Property made a part of the Planned Community by the exercise of any Special Declarant Right.

SECTION 17. Purchaser means any Person, other than the Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 18. Reasonable Attorneys' Fees means attorneys' fees reasonably incurred without regard to any limitations on attorneys' fees which otherwise may be allowed by law.

SECTION 19. Sewer or Sewer/Septic shall mean any public or private wastewater disposal system, including private septic systems, lines and related equipment and improvements. These terms shall be construed broadly.

SECTION 20. Special Declarant Rights means rights reserved for the benefit of the Declarant including, without limitation, the right (i) to complete improvements intended or planned by Developer for the Property or Additional Property; (ii) to exercise any development or other right reserved to the Declarant by this Declaration or otherwise; (iii) to maintain within the Planned Community sales offices, management offices, construction offices/trailers, signs advertising the Planned Community, and models; (iv) to use the Common Elements for the purpose of making improvements within the Planned Community; (v) to make the Planned Community part of a

larger planned community or group of planned communities; (vi) to make the Planned Community subject to a Master Association; (vii) to appoint or remove any officer of executive Board member of the Association or any Master Association or any member of the Architectural Review Committee during the Declarant Control Period or (viii) to permit other land to be annexed to and made a part of the Planned Community in accordance with the terms of this Declaration.

SECTION 21. Utilities shall mean any and all improvements that provide cable, water, electricity, sewer, sewer/septic or wastewater disposal, telephone lines and equipment, internet, security systems, refuse disposal and related services to the Lots or Common Elements. This term shall be construed as broadly as possible to include all services that could apply to the development as intended herein.

ARTICLE II PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner and Declarant shall have and is hereby granted a right and easement of enjoyment in and to the Common Elements, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The Association may make and amend reasonable rules and regulations governing use of the Common Elements by the Owners;

(b) Without modifying the Declarant's rights as set forth herein, the Association may grant a security interest in or convey the Common Elements, or dedicate or transfer all or part of the Common Elements, for such purposes and subject to such conditions as may be approved by 67% of the Members (including Declarant) present at a Meeting (which must have a quorum and meet the other requirements set forth in the Act, these Declaration and the Association's By-Laws called to authorize the same. All members, including the Declarant, shall be entitled to vote pursuant to the Voting Rights process set forth in Article III. However, that the Association, if it has the Declarant's written consent (which is necessary during the Period of Declarant Control), may, without the consent of the Owners, grant easements, leases (including conservation easements), licenses and concessions through or over the Common Elements. No conveyance or encumbrance of Common Elements shall deprive any Lot of its rights of access or support.

SECTION 2. Easements in Favor of Declarant and the Association. The following easements are reserved to Declarant and the Association, their agents, contractors, employees, successors and assigns:

(a) easements as necessary in the Common Elements and fifteen feet on the rear and front of all Lots and fifteen feet along all roads and ten feet on each side of all Lots (except for sides which front a road where the fifteen foot easements applies) for the installation and maintenance of Sewer/Septic, Utilities and drainage facilities (including the right to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone

lines, wires, cables, conduits, sewers, septic lines and related equipment water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, septic, water or other public conveniences (including cable, telephone, internet and security systems) or utilities on, in or over each Lot and such other areas as are shown on the plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of Onslow County; the right to cut drain ways, swales and ditches for the surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance; the right to discharge stormwater into any retention ponds and related drainage facilities; the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance; and the right to locate wells, pumping stations, septic tanks and equipment and utilities within Common Elements, or upon any easement area (including the aforementioned 15 foot and 10 foot easements on the Lots). No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion. Declarant reserves the right to grant easements/curb cuts over all private or public streets and all Common Elements within the Planned Community to itself or others for the purpose of providing access and utilities to other lands, whether owned by the Declarant or others and whether or not part of the Planned Community. These easement areas (whether or not shown on the recorded plats for the Planned Community) but not the improvements within such areas shall be maintained by the respective Owner except those for which a public authority or utility company is responsible.

(b) easements over and under all Roads and streets, access easements, and Common Elements within the Planned Community as necessary to provide access, ingress and egress, to and the installation of Utilities for any Additional Property.

(c) an easement of unobstructed access over, on, upon, through and across each Lot and the Common Elements located thereon, if any, at all reasonable times to perform any maintenance and repair to the Common Elements and Utilities.

(d) a temporary construction easement of twenty-five (25) feet in width along both sides and running parallel to streets or roads, which easements shall expire twelve (12) months after the particular road construction commences, or upon the acceptance of such streets or roads for maintenance by governmental authority, whichever first occurs.

(e) the right to erect and maintain Utilities, drainways and other public conveniences in common lands or the aforementioned 10 and 15 foot easements on the Lots, including the right to cut any trees bushes or shrubbery, make any grading in the soil or take any similar action reasonable and necessary or desirable to provide economical and safe installation or service.

(f) the right to contract with a third-party service contractor to construct, own and maintain cable, internet, telephone and security system equipment and facilities on Common

Elements and through any easement area described in subparagraph (a) above. This specifically includes the right to allow third-party service provider to construct, own and maintain a "bunker" that houses the equipment (which the third-party service provider may or may not own) it deems necessary to integrate a wiring system for cable, telephone, internet and security systems for the entire Planned Community. In addition to this bunker, related equipment, including satellite dishes, may be erected, owned and maintained by third-party service provider. The third-party shall be allowed to provide service to other persons and landowners who live outside the Planned Community from this bunker.

(g) unless specifically stated therein, nothing in these restrictions, nor in the recording of any plat or deed pursuant hereto, shall dedicate (or be deemed to dedicate) to public use any of the Roads, streets, bridges, common lands or other grounds within the Property.

SECTION 3. Other Easements. The following additional easements are granted by Declarant:

(a) an easement to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency service, to enter upon all Lots and Common Elements in the performance of their duties.

(b) in case of any emergency originating in or threatening any Lot or Common Elements, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the immediate right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners.

(c) the Association is granted an easement over each Lot for the purpose of providing Lot maintenance when an Owner fails to provide maintenance and upkeep in accordance with this Declaration.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Planned Community, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in his Declaration.

SECTION 5. Septic Fields shall revert to Declarant. Any area that is designated as a septic field or proposed septic field or is used as a septic field for an off site Lot shall revert to the Declarant upon the availability of Public Sewer Service, which must be utilized by all Lots and Lot Owners. Upon reversion, Declarant may sell such former Septic Fields as Lots. Declarant, at its sole discretion, may reject to receive such reversion.

SECTION 6. The Declarant makes no representation in these covenants as to the type, quality, or amount of common areas and improvements other than shown on the Final Plat.

ARTICLE III
HOMEOWNERS' ASSOCIATION

SECTION 1. Formation of Association. The Association shall be incorporated no later than the date the first Lot in the Planned Community is conveyed. The Association is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Declarant and Owners of Lots to operate and maintain the Common Elements and any Limited Common Elements in accordance with this Declaration, its Charter and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in the Act as it may be amended from time to time, in addition to any powers and authority otherwise granted to it.

SECTION 2. Membership. Every Lot Owner and Declarant shall be a Member of the Association. Except for the Declarant, membership shall be appurtenant to and may not be separated from Lot ownership.

SECTION 3. Membership Classes. The Association shall initially have two classes of voting membership (but the Declarant by amendment to this Declaration without the consent of any Lot Owners may add other membership classes for each Limited Common Element Development or other type development which may be annexed to the Planned Community).

Class A. Class A Members shall be Owners who have not been assigned to another membership class pursuant to this Declaration.

Class B. The Declarant and its successors shall be a Class B. Member.

SECTION 4. Voting Rights. The voting rights of each class of membership shall be as follows:

(a) The Class A Members shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited. Only certain classes of members may vote on certain issues as hereinafter provided.

(b) The Class B Member shall be entitled to ten (10) votes for each Lot owned. The Class B Membership shall cease and be converted to a Class A Membership on the happening of any of the following events, whichever occurs earlier:

(i) when the total vote outstanding in all Classes of Membership, other than Class B Membership, constitutes a representation of eighty percent (80%) of the total Lots; or

(ii) on December 31, 2020; or

(iii) upon the voluntary surrender of all Class B Membership by the holder thereof.

The period during which there is Class B Membership is sometimes referred to herein as the Declarant Control Period or Period of Declarant Control. If the Declarant loses Class B Membership, it shall re-acquire Class B Membership for the Planned Community upon adding Additional Property or reacquiring septic fields as set forth herein. During the Declarant Control Period, the Declarant shall have the right to designate and select the Executive board of the Association (from Members or Non-Members) and the right to remove any person or persons designated and selected by the Declarant to serve on the Executive Board, and to replace them for the remainder of the term of any person designated and selected by the Declarant to serve on the Executive Board who may resign, die, or be removed by the Declarant.

SECTION 5. Government Permits. After completion of construction of any facilities required to be constructed by Declarant pursuant to permits, agreements and easements for the Planned Community, all duties, obligations, rights and privileges of the Declarant under any water, sewer, septic, stormwater and utility agreements, easements and permits for the Planned Community with municipal or governmental agencies or public or private utility companies, shall be the duties, rights, obligations, privileges and the responsibility of the Association, notwithstanding that such agreements, easements or permits have not been assigned or the responsibilities thereunder specifically assumed by the Association. There are additional provisions made in this Declaration or prior Declarations concerning stormwater facilities and the Stormwater Permit.

SECTION 6. Common Elements. The Association shall at its sole cost and expense be responsible for the operation and maintenance of each Common Element with the Planned Community after such Common Element has actually been deeded or turned over to the Association and such transfer may be made by the Declarant to the Association at any time after the Common Element is constructed and the Association must accept ownership of the same upon tender by the Declarant. Declarant shall be entitled to specific performance to require the Association to accept such transfer of Common Elements. If the Declarant is required by a government agency to provide any operation or maintenance activities to a Common element for which the Association is liable to perform such operation and maintenance pursuant to this section, then the Association agrees to reimburse the Declarant the cost of such operation and maintenance within 30 days after Declarant renders a bill to the Association therefore. The Association agrees to levy a Special Assessment to cover the amount of such bill if it does not have other sufficient funds available. Declarant shall be entitled to specific performance to require the Association to levy and collect such Special Assessment and shall be entitled to receive its attorneys' fees and costs associated with any action it takes to collect said sums.

SECTION 7. Architectural Review Committee. The Executive Board shall perform all duties of the Architectural Review Committee if no such committee is appointed by it, subject, however, to the Special Declarant Rights. During the Period of Declarant Control, the Declarant shall appoint all members of the Architectural review Committee by appointing any persons it deems fit (Owners or non-Owners). Any Architectural review Committee appointed by the Executive Board shall consist of at least 3 members.

ARTICLE IV INSURANCE AND BONDS

SECTION 1. Individual Home Insurance. All Owners shall purchase at their individual expense individual policies covering each Lot and Lot Owner individually.

SECTION 2. Common Element Insurance. The Board of Directors on behalf of the Association, as a Common Expense of all Lot Owners, shall at all times keep the Common Elements and other assets of the Association insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchase by Members or their mortgages. The Association at minimum shall maintain with regard to the Common Elements the insurance coverage(s) required by the Act.

SECTION 3. Fidelity Bond, Directors and Officers Insurance and General Liability Insurance. The Association may maintain, as a Common Expense paid by the Owners, blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association; provided, however, that if the Association shall delegate some or all of the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by such management agent for its officer, employees and agent handling or responsible for fund of or administered on behalf of the Association. Similarly, the Association may maintain Directors and Officers Insurance and General Liability Insurance in order to protect the Association, its members, Board and Officers and the same shall also be considered a Common Expense of the Lot Owners.

ARTICLE V COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner (which term specifically excludes the Declarant) covenants and agrees to pay to the Association the following assessments, as applicable (collectively the "Assessments"):

- A. Annual Common Element Assessments;
- B. Special Assessments;
- C. Insurance Assessments;
- D. Ad Valorem Tax Assessments; and
- E. Working Capital Assessments.

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the Person who was the Owner of such

Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall pass to the Owner's successors in title. However, in such event that the delinquent obligation passes to subsequent Owners, the successors in title are hereby granted a right to indemnity against the previous Owner who allowed the assessments to become delinquents and such right of indemnification shall cover all sums paid to satisfy the delinquent assessments.

SECTION 2. Purpose of Annual Assessments. The Annual Common Element Assessments levied by the Association shall be used, as applicable, exclusively to promote the recreation, health, safety and welfare of the Owners, Declarant and residents of the Planned Community and for the maintenance, repair and replacement of the Common Elements including the roads, roadways and ditches. The funds arising from said assessments or charges, may be used for any or all of the following purposes: Operations, maintenance and improvement of the Common Elements, including payment of Utilities; enforcing this Declaration; paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital; paying dues and assessments to any organization or Master Association of which the Association is a member; and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Elements in good operating order and repair.

SECTION 3. Annual Assessments. At least 30 days before or after the beginning of each fiscal year, the Executive Board shall adopt proposed annual budgets, as follows:

- (i) a budget for the Annual Common Element Assessments consisting of the annual cost of operating and maintaining the Common Elements.
- (ii) such other budgets as the Executive Board deems appropriate.

Within 30 days after adoption of the proposed budgets for the Planned Community, the Executive Board shall provide to all of the Lot Owners and Declarant a summary of the budgets and notice of a meeting to consider ratification of the budgets, including a statement that the budgets may be ratified without a quorum. Each budget is ratified unless at a Meeting (which must have a quorum and meet other requirements set forth in the Act, these Declaration and the Association's By-Laws) a majority of all of the Members of the Association entitled to vote at that Meeting on the particular budget rejects the budget. All Members, including the Declarant, shall be entitled to vote on the budget for the Annual Common Element Assessments pursuant to the Voting Rights process set forth in Article III herein. In the event a proposed budget is rejected, the periodic budget shall be continued until such time as the Members ratify a subsequent budget proposed by the Executive Board pursuant to the Voting Rights process set forth in Article III herein. The Annual Assessments for each Lot shall be established based on the annual budgets thus adopted, with all Lots funding the budget for the Annual Common Element Assessments; provided, however, that the first Annual Assessments shall be set by the Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the Assessments to be paid in full or in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specific Lot have been paid. The initial annual

assessment is hereby established by the Declarant as \$250.00 per year. This annual assessment may be increased by the Executive Board without Member approval, if such increase shall not exceed twenty percent and the Declarant consents. If the Executive Board desires to increase the annual assessment by an amount greater than 20% of the previous annual assessment amount, then such increase must have the assent of a majority of the Members who vote at a Meeting, which must have a quorum and meet the other requirements set forth in the Act, these Declarations and the Association's.

SECTION 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the following purposes:

A. To defray, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such Special Assessment shall be approved majority of all of the Members of the Association, including the Declarant who vote at a Meeting, which must have a quorum and meet the other requirements set forth in the Act, these Declaration and the Association's By-Laws. All members, including the Declarant, shall be entitled to vote on the Assessments pursuant to the Voting Rights process set forth in Article III herein. Written notice of any Special Meeting called for the purpose of approving such Special Assessment shall be sent to all Members, including Declarant, not less than ten (10) days not more than sixty (60) days in advance of the meeting.

B. To comply with the terms of any contract with a third-party service provider of integrated telephone, cable, internet and/or security systems, the Association may issue special assessments for the costs thereof. These costs may be in the form of a special assessment or may be part of the annual assessment or may be a combination of the two. The costs of the third-party service provider may be allocated to the Lots as a Common Expense for the "basic plan" and any upgrades desired by a lot Owner may be added to such assessment.

SECTION 5. Insurance Assessments. All premiums on insurance policies purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a Common Expense, and the Association may at any time levy against the Members to which it applied an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Elements, if any, shall be a common expense, and the Association may at any time levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay ad valorem taxes not included as a component of the Annual Assessment.

SECTION 7. Working Capital Assessments. At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay the sum of \$200.00 to the Association as working capital to be

used for operating and capital expenses of the Association. Such amounts paid for working capital are not to be considered as advance payment of the Annual or any other Assessments.

SECTION 8. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant, pro-rated from the time of the closing to the end of the calendar year.

SECTION 9. Effect of Nonpayment of Assessments and Remedies of the Association. Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 10. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

A. The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to the Planned Community Act are enforceable as Assessments.

B. The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

C. The lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after docketing of the claim of lien in the office of the Clerk of Superior Court.

D. Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorneys' fees for the prevailing party.

E. Where the holder of a first mortgage or deed of trust of record obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title to the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all of the Lot Owners including such

purchaser, its heirs, successors and assigns. This exclusion shall not be construed to apply to any other successor in title.

F. A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

G. In no instance, whatsoever, shall the Declarant, nor the Declarant's Lots be subject to any assessments nor liens.

ARTICLE VI RIGHTS OF DEVELOPER

The Declarant shall have, and there is hereby reserved to the Declarant, the Special Declarant Rights as herein defined and the following rights, powers and privileges which shall be in addition to the Special Declarant Rights and any other rights, powers and privileges reserved to the Declarant herein:

SECTION 1. The Architectural Review Committee/Executive Board. The Declarant shall be entitled, during the Period of Declarant Control, to appoint and remove the members of the Architectural Review Committee. The Declarant shall be entitled during the Declarant Control Period to appoint and remove the Directors, officers and members of the Executive Board. These appointments may be made from Members or Non-Members.

SECTION 2. Plan of Planned Community. The right to change, add to, delete, alter or re-designate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Planned Community including, but not limited to, the right to change, alter or re-designate road, Utility and drainage facilities and easements and to change, alter, add to, delete, or re-designate such other present and proposed amenities, Common Elements, Limited Common Elements, or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant shall have the right, but shall not have the obligation, of installing an integrated wiring system throughout the Planned Community, on common area and otherwise, which will facilitate a uniform service or telephone, cable, internet and security systems and this may be undertaken by and through a third-party service provider. The Declarant may allow for the erection of a bunker and related equipment including satellite dishes that will facilitate the supply of such services. The Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plat any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots; to further subdivide tracts or Lots shown on any such subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger tract or Lot (any Lot resulting from such recombination shall be treated as one Lot for purposes of Assessments); to eliminate from this Declaration or any plats of the Planned Community Lots that are not otherwise buildable or are needed or desired by Declarant for access or are needed or desired by Declarant for use as public or private roads or access areas, whether serving the Planned Community or other property owned by the Declarant or others, or which are needed for the installation of Utilities, Common Elements or amenities, and to take such steps as are

reasonably necessary to make sure re-platted Lots or tract suitable and fit as a building site, access area, roadway or Common Elements. The Declarant need not develop, or develop in any particular manner, any lands now owned or hereafter acquired by the Declarant, including any lands shown on plats of the Planned Community as "Future Development" or potential lots in planned future sections of the Planned Community. Any such lands shall not be subject to this Declaration unless Declarant expressly subjects them hereto by filing of a supplemental declaration in the Register of Deeds office of Onslow County. Declarant is required by the Division of Water Quality (DWQ) to state herein the maximum allowed built-upon area for all lots which Declarant has planned to develop within the Planned Community. By listing the maximum built-upon area herein for all such lots, Declarant does not obligate itself to develop in any particular manner or for any particular uses any lands now owned or hereinafter acquired by Declarant which are not shown on the recorded plats referenced herein.

SECTION 3. Amendment of Declaration by the Declarant. This Declaration may be amended without Member approval by the Declarant, or the Executive Board, as the case may be, as follows:

- A. In any respect, prior to the sale of the first Lot.
- B. To the extent this Declaration applies to Additional Property, including, but not limited to, amendments to add additional classes of Membership to the Association, to add, delete or alter Common and Limited Common Elements and to establish minimum square footages and other standards for structures.
- C. To correct any obvious error or inconsistency in drafting, typing or reproduction or to clarify the Declarant's intentions. This right shall be broadly construed.
- D. To qualify the Association or the Property and Additional Property, or any portion thereof, for tax-exempt status.
- E. To incorporate or reflect any platting change as permitted by this Article or otherwise permitted herein.
- F. To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Planned Community or to qualify the Planned Community 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 State Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, stormwater regulations, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official or any such corporation or agency, including, without limitation, the North Carolina Department of Environment and Natural Resources, the Department of Veterans Affairs, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the

Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion. The Declarant may at any time amend the Declaration to change the maximum built-upon area permitted by DENR/DWQ. Notwithstanding anything else herein to the contrary, only the Declarant, during the Declarant Control Period, shall be entitled to amend this Declaration pursuant to this Section.

G. To file a restrictive covenant limiting usage of property still owned by Declarant or Common Elements and granting enforcement rights to the United States of America in order to preserve mitigation property in an effort to ensure continued compliance with any Clean Water Act authorization issued by any District of the U.S. Army Corps of Engineers. These Additional Restrictions may be in the form of an amendment to the Declarations or a new set of Restrictions, all of which shall be binding on All Lots and Lot Owners and Members.

SECTION 4. Annexation of Additional Property. Declarant may annex to and make a part of the Planned Community any other real property, whether now owned or hereafter acquired by Declarant or others, and whether developed by the Declarant or others (the "Additional Property") and brought within the scheme of these Declarations and the Bylaws of the Association and the jurisdiction of the Association, in the following ways:

A. Declarant intends to and therefore, reserves the right, to develop and subject to these Declarations and Restrictions and the Bylaws any or all of the Property described in Schedule A, which is attached hereto and incorporated herein by reference. Each, any, or all of this Property may be annexed to the properties by Declarant at its sole and absolute discretion, and brought within the scheme of these Restrictions and the Bylaws and within the jurisdiction of the Association, in future stages of development without the consent of the Association or its Members; provided, however that said annexations must occur within 20 years after the date of this instrument.

B. The additions authorized under the preceding subsections (A) shall be made by filing of record Supplementary Declarations with respect to the additional properties which shall extend the scheme of the Declaration and By-Laws and thereby subject such additions to the Association's jurisdiction. Such Supplementary Declarations may contain such complementary additions and modification of these Declarations and the By-Laws as may be necessary to reflect only the different character and density of the housing planned on the added properties and are not inconsistent with the provisions of these Declaration.

C. Declarant is not required to annex any land to the Planned Community.

SECTION 5. Sales Model/Parking. So long as the Declarant or its designee shall retain ownership of any Lot, it may utilize any such Lot for offices, models or other purposes relating to the development, construction, sale or rental of Lots and dwellings, including the right to place "For Sale" or "For Rent" signs on any Lots. In addition, in connection with any of the above activities, the Declarant and its agents shall have the right to park vehicles and materials on any street or within the right of way thereof.

SECTION 6. Transfer of Declarant and Special Declarant Rights. Without limiting Declarant's general authority to transfer its rights hereunder, the Declarant specifically reserves the right to transfer, without the approval of any Lot Owners, any Declarant or Special Declarant rights contained herein or which shall be hereinafter imposed or reserved by Declarant, to any other Person. Upon such transfer, the transferee shall have all of the rights of the Declarant hereunder except to the extent any such rights are limited in the document of transfer.

SECTION 7. Use of Infrastructure and Amenities. Declarant may allow other owners' associations, and their owners, to use the amenities and infrastructure (including all Utilities) within the Planned Community so long as such other owners' associations pay a portion of the cost or the operation and maintenance of such amenities and infrastructure, the exact amount of such payment to be in the sole discretion of the Declarant. However, with respect to any bunker that houses internet, telephone, cable and/or security system equipment, such other persons shall not be required to share in the cost of supplying such services to the Planned Community.

SECTION 8. Declarant Shall Grant Rights of Ingress, Egress and Regress to Others. The Declarant, for itself and the Association, reserves the right to grant onto property owners of properties adjacent to or near Live Oak Cove, the right of ingress, egress and regress through Live Oak Cove as it now exists or as it may be expanded as set forth herein. The Declarant and/or the Association, may cause any and all road constructed in this Live Oak Cove development, or which may be constructed, to become a servient estate to other real property for the purpose of ingress, egress and regress to said dominate estate property. The Declarant may grant said easements without the consent of the Association, except these easements must be granted within 20 years after the date of this instrument. For example, certain easement rights have been or will be granted by Declarant to the adjacent property owners. All Members shall abide by and will not interfere with any easement rights granted by Declarant to others. Declarant hereby creates no obligation to grant any easement rights but merely reserves the ability to do so.

SECTION 10. Street Lighting Agreement. The Declarant and the Association with approval of the Declarant during the Period of Declarant Control) shall have the right to subject the Property to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or continuing monthly payment to an electric company or Association by Lot Owners and/or the Association. If the monetary obligation is required of the Association, then the same shall be a Common Expense.

ARTICLE VII
USE RESTRICTIONS, ARCHITECTURAL CONTROL
AND MAINTENANCE

SECTION 1. Approval of Plans for Building and Site Improvements. No dwelling, wall, tent or other structure shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications showing the nature, kind, shape, heights, materials, colors and location of the same shall have been submitted to and approved in writing

as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee. If the Architectural review Committee fails to approve or disapprove such design and location within forty-five (45) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that, in the sole and uncontrolled discretion of the Architectural Review Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Architectural Review Committee for its records. The Architectural Review Committee shall not be responsible for any structural or other defects in plans and specifications submitted to it or in any structure erected according to such plans and specifications.

SECTION 2. Minimum Standards for Site Improvements.

A. Each dwelling on the following Lots shown on the above referenced plat, shall have the following minimum of square footages of enclosed, heated dwelling area:

LOTS NUMBER 1-5, 18-15 and Lot 9 shall have a 1600 minimum heated finished square footage dwelling area (not including heated storage or garages) all other lots in this phase shall have a 1600 minimum heated finished square footage dwelling area (not including heated storage or garages).

The term "enclosed heated dwelling area" shall mean the total enclosed area within a dwelling which is heated by a common heating system; provided, however, that such term does not include garages, terraces, decks, open porches and like areas. The Declarant, as provided above, shall be entitled to amend this Declaration to establish different square footage minimums for any Additional Property annexed to the Planned Community for the types of homes that could be included in these future phases.

B. Setbacks: All improvements to all Lots must comply with Onslow County setback requirements for a development of this type. The establishment of inflexible building setback lines for location of houses on Lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any Lot shall be controlled by and must be approved absolutely by the Architectural Review Committee; provided, however, that no structure shall be constructed closer to a Lot line than is permitted by applicable governmental regulations. In the event that due to locations of septic areas, setbacks, wetlands delineation or any physical combination of such physical restraints makes it impossible to construct a home of the minimum square footage above, the Architectural Review Committee shall have the authority and the obligation to waive or alter the minimum square footage to allow the lot to be built upon.

The Architectural Review Committee shall have the right to approve deviations from each of these setback requirements upon application of an individual lot owner if, for reasons of topography or septic approvals, strict compliance creates a hardship if such approval does not

violate the applicable governmental regulations or approvals. If required by Onslow County, each plot plan must receive zoning approval prior to the commencement of any construction.

C. All service utilities, garbage receptacles, fuel tanks, and heating ventilation and air conditioning units are to be enclosed within a wall or plant screen of a type and size approved by the Architectural Review Committee, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the Planned Community. All mail and newspaper boxes shall be uniform in design within each type development within the Planned Community. Design for mail and newspaper boxes shall be furnished by the Architectural Review Committee. Fences shall be permitted on any Lot; provided, however, that the design, placement, and materials of any fence are approved by the Architectural Review Committee. Clothes lines are not permitted on any Lot.

D. Off street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot which parking areas and the driveways thereto shall be constructed of pervious or impervious concrete, brick, asphalt, or turf stone, or any other material approved by the Architectural Review Committee. Garages must be included as part of any plans submitted to the Architectural Review Committee. As with all other provisions, this restriction may be amended for future phases.

E. All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of illumination shall be clear, white or non-frost lights or bulbs.

F. If the Architectural Review Board requires grass on a particular Lot, then such requirement shall be accomplished by sodding such area.

G. Construction activity on a Lot shall be confined within the boundaries of said Lot. Each Lot Owner shall have the obligation to repair damage to Common Elements or other property and to collect and dispose of all rubbish and trash resulting from the construction on his Lot. Upon a Lot Owner's failure to repair such damage within thirty (30) days or to collect and dispose of such trash within thirty (30) days after receipt of a written notice from the Association, the Association may repair the damage or collect and dispose of such rubbish and trash at the Lot Owner's expense. Any expense incurred by the Association in repair or clean-up of the Lot shall be billed to the Owner of the Lot and if not paid within 30 days, the amount thereof shall become a lien against the Lot which shall be enforceable pursuant to the provisions of this Declaration as is the case for delinquent assessments.

H. More than one lot may be combined to form one or more lots by (or with the written consent of) Declarant, its successors or assigns. If a Person other than Declarant combines two Lots into One lot, and elects to notify the Association to treat the combined Lots as one Lot it may do so but by doing so, the Owner waives any right or ability to thereafter have the lots divided back into two Lots as before and the Association is entitled to demand a proper filing be made with the Onslow County Registry showing that the Lots shall thereafter be treated as a single lot. If the Owner does not make such an election and make such a filing, then the two lots shall continue to be treated as two Lots by the Association despite their being owned by one

Ownr. No lot may be subdivided by sale or otherwise, except by written consent of Declarant, its successors and assigns. Upon combination or subdivision of lots, the building line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side and front lot lines of such lot as combined or subdivided. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building site shall be used to compute the setback lines as set forth herein.

I. All connections of private driveways to the Live Oak Cove road system shall be constructed, by the Lot Owner, and maintained, by the Lot Owner, in accordance with the rules, regulations and specifications of the Committee. However, in order to insure emergency vehicle access to all lots, all driveways which connect residences or other structures that are more than fifty (50) feet from the subdivision road must be at least eleven (11) feet in width, with a clearance of no less than eleven (11) feet in height.

J. The exterior materials used in the construction of a house shall be subject to Architectural Review Board approval. The Architectural Review Board shall establish general guidelines for acceptable construction materials and may alter and revise the same at their discretion. For example, certain types of vinyl siding shall not be allowed, while other more attractive higher grade vinyl siding may be allowed.

SECTION 3. Use Restrictions.

A. Land Use and Building Type. No Lot or parcel of land shall be used for any purpose except for residential purposes, subject, however, to the rights of Declarant contained herein. All Lots are restricted for construction of one single family dwelling (plus, a detached garage, if there is not one attached to the residence, and such other accessory buildings as may be approved by the Architectural Review Committee). Notwithstanding the foregoing, the Declarant may develop any parcel of land annexed to the Planned Community as multifamily so long as the parcel is restricted only to residential use.

B. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, not shall anything to be done thereon which may be or may become any annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owners thereof or the Declarant's development and sales activities. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or un-kept condition of buildings or grounds on the Owner's Lot which would tend to decrease the beauty of the neighborhood as a whole or the specific area. Each Lot Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects. All structures shall be kept neat and in good condition and repair. All shrubs, trees, grass and plantings shall be kept neatly trimmed and properly cultivated.

C. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot any time as a residence either

temporarily or permanently without the written consent of the Association or its designee; provided, however, that this shall not prevent the Declarant, its designees or assigns from maintaining a construction trailer or office or any part of the Planned Community until the construction and sale of dwellings on all Lots and the Common Elements improvements are completed.

D. Modular Homes. Modular homes are permissible only if approved by the Architectural Review Committee at their sole and absolute discretion.

E. Vehicles/Boats. No boat, motor boat, camper, trailer, motor or mobile homes, tractor/trailer, or similar type vehicle, shall be permitted to remain on any street at any time, without the written consent of the Association. No inoperable vehicle or vehicle without current registration and insurance will be permitted on any Lot, street or Common Element. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

F. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed and personally escorted and do not become a nuisance.

G. Statuary, TV Satellite Dishes and Outside Antennas. No yard statuary or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Architectural Review Committee; provided, however, satellite dishes not over 18" in diameter which cannot be seen from the street are permitted.

II. Construction in Common Elements. No Person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

I. Signs. Except as provided herein for Declarant, no signs (including "For Sale" or "For Rent" signs) shall be permitted on any Lot or in the Common Elements. Again, Declarant shall be allowed to erect and maintain whatever signs it desires, at its sole and absolute discretion, including signs on Common Elements. Prior to the expiration of the Declarant Control Period, Declarant shall have the authority to establish sign rules and regulations that will be permitted after the end of the Declarant Control Period. For example, Declarant may establish a standard "For Sale" sign that will be allowed to be displayed after the expiration of the Declarant Control Period.

J. Subdividing. Subject to any rights reserved to the Declarant herein, no Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the Declarant Control Period and thereafter by the Board of Directors.

K. Leases. No rental or lease for any Lot shall be for a term of less than six months. All leases must be in writing and must contain a provision requiring the tenant to comply with all the use restrictions of this Declaration and any rules and regulations adopted by the Association. Transient rentals are strictly prohibited.

L. Trees. Except for trees located within ten feet of an approved "house foot print," no trees on any Lot 6 inches in diameter or greater may be removed without the approval of the Architectural Review Committee.

ARTICLE VIII STORMWATER PERMIT/FACILITIES

SECTION 1. Stormwater Permit. The Association and each of its Members agree that at anytime after (i) all work required under the Stormwater Permit has been completed (other than operation and maintenance activities), and (ii) the Developer is not prohibited under DENR regulations from transferring the Stormwater Permit for the Planned Community to the Association, the Association; officers without any vote or approval of Lot Owners, and within 10 days after being requested to so do, will sign all documents required by DENR for the Stormwater Permit to be transferred to the Association; provided, however, that at the time the Developer requests that the Association accept transfer of the Stormwater Permit, the Developer has delivered to the Association a certificate from an engineer licensed in the State of North Carolina, dated no more than 45 days before the date of the request, that all stormwater retention ponds, swales and related facilities are constructed in accordance with the plans and specifications therefore. IF the Association fails to sign the documents required by this paragraph, the Developer shall be entitled to specific performance in the courts of North Carolina requiring that the appropriate Association officers sign all documents necessary for the Stormwater Permit to be transferred to the Association. Failure of the officers to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the stormwater facilities covered by the Stormwater Permit.

SECTION 2. Stormwater Facilities Operation and Maintenance. Any stormwater retention ponds and related facilities for the Planned Community which have or are to be constructed by or on behalf of Declarant constitute Common Elements and, subject only to the provisions of Section 3 of this Article, the Association at its sole cost and expense, is responsible for the operation and maintenance of such facilities. Such Operation and Maintenance shall include, but not be limited to, compliance with all of the terms and obtaining any renewals of the Stormwater Permit. Except as provided in Section 3 of this Article, the Association shall indemnify and hold harmless the Developer from any obligations and costs under the Stormwater Permit for operation and maintenance of the stormwater retention ponds and related facilities.

SECTION 3. Damage to Storm Water Facilities. The Declarant shall at its sole cost and expense be responsible for repairing any damage to storm water facilities which Declarant determines is caused by the Developer's development activities. The Developer shall not be responsible for damages to stormwater retention ponds and related facilities caused by any other cause whatsoever, including but not limited to construction of residences or other activities by Owners, their agents and contractors, upon their Lots, acts of God, and the negligence of others.

Lot Owners shall be responsible for damages to such stormwater facilities caused by construction of buildings and other activities upon the Owner's Lot. Each Owner, shall within 30 days after receipt of notice of damage to stormwater facilities, repair the damage at the Owner's sole cost and expense to return them to the state required by the storm water plans and specifications for the Planned Community. If the Lot Owner fails to do so within said 30-day period, the Association shall perform the work and the cost of the work shall be added t the Annual Assessment due from the Lot Owner.

SECTION 4. Enforcement of Storm Water Runoff Regulations.

A. The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number **SW8050305 (project # On slo-2005-256)**, as issued by the Division of Water Quality under NCAC 2H.1000.

B. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.

C. The covenants are to run with the land and be binding on all persons and parties claiming under them.

D. the covenants pertaining to stormwater may not be altered and rescinded without the express written consent of the State of North Carolina, division of Water Quality.

E. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

F. The maximum allowable built-upon area per Lot is as follows (this data is for Lots shown on the above-referenced plat plus lots for which the Declarant has an approved stormwater plan but which Declarant is under no obligation to subdivide or develop in any particular fashion or for any particular use):

<u>Lot Numbers</u>	<u>Built-upon Area</u>
1 through 18	3600 square feet

These allotted amounts include any built-upon area constructed within the lot property boundaries and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools. Declarant reserves the right to recalculate the maximum allowable built-upon areas if required by applicable regulations.

G. Built-upon area in excess of the permitted amount will require a permit modification.

H. Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossings, is strictly prohibited by any persons.

I. Each Lot will maintain a 30' wide vegetated buffer between impervious areas and surface waters.

J. All roof drains shall terminate at least 30' from the mean high water mark of surface waters.

ARTICLE IX
LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Planned Community and the Lots. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute and agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated by the Lot Owners.

SECTION 2. Enforcement and Remedies. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Association, the Declarant or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns. The Executive Board shall be entitled to enforce its Articles of Incorporation, Bylaws and rules and Regulations. In addition to the remedies otherwise provided for herein concerning the collection of Assessments, the following remedies shall be available:

A. Association to Remedy Violation. In the event an Owner (or other occupant of a Lot) is in violation of or fails to perform any maintenance or other activities required by this Declaration, the Association's Bylaws, Charter or Rules and Regulations, the Executive Board, after 30-day notice, may enter upon the Lot and remedy the violation or perform the required maintenance or other activities, all at the expense of the Owner. The full amount of the cost of remedying the violation or performing such maintenance or other activities shall be chargeable to the Lot, including collection costs and reasonable attorneys' fees. Such amounts shall be due and payable within 30 days after Owner is billed. If not paid within said 30 day period, the amount thereof may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot. In the event that any maintenance activities are necessitated to any Common Elements by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon

demand, may immediately be added to and become a part of the Annual Assessment levied against said Owner's Lot.

B. Fines. The Association may in accordance with the procedures set forth in the Act establish a schedule of and collect fines for the violation of this Declaration or of the Association's Articles of Incorporation, Bylaws or Rules and Regulations. If an Owner does not pay the fine when due, the fine shall immediately become a part of and be added to the Annual Assessment against the Owner's Lot and may be enforced by the Association as all other Assessments provided for herein.

C. Suspension of Services and Privileges. The Association may in accordance with the procedures set forth in the Act suspend all services and privileges provided by the Association to an Owner (other than rights of access to Lots) for any period during which any Assessments against the Owner's lot remain unpaid for at least 30 days or for any period that the Owner or the Owner's Lot is otherwise in violation of this Declaration or the Association's Charter, Bylaws, or Rules and Regulations.

SECTION 4. Miscellaneous. Failure by the Association, the Declarant or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The remedies provided herein are cumulative and are in addition to any other remedies provided by law.

ARTICLE X COMPLIANCE WITH WETLAND AND BUFFER REGULATIONS

SECTION 1. Deed Restrictions. In accordance with Title 15 a NCAC 2H.0500, the following Deed Notification shall restrict the following Lots 6, 7, 8, 9, 10, 11, 12 and 13: "A portion of this Lot has been determined to meet the requirements for designation as a wetland, stream or protected stream buffer. Any subsequent fill or alteration of this area shall conform to the requirements of the state rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this provision is to prevent additional wetland, stream or buffer filling or draining, so the property owner should not assume that a future application for filling or draining would be approved. The property owner shall report the name of the subdivision on any application pertaining to said rules. This covenant is intended to ensure continued compliance with all rules adopted by the State of North Carolina and therefore the State of North Carolina may enforce benefits. This covenant is to run with the land and shall be binding on all Parties and all persons claiming under them."

ARTICLE XII GENERAL PROVISIONS

SECTION 1. Rights of Institutional Note Holders. Any institutional holder of a first lien on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and right to designate a representative to attend all such meetings, (d) receive written

notice of any condemnation or casualty loss that affect whether a material portion of the Planned Community or the property securing its loan, (e) receive written notice of any sixty-day (60) delinquency in the payment of Assessments or charges owned by any Owner of any property which is security for the loan, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of any master insurance policy.

SECTION 2. Utility Service. Declarant reserves the right to subject the Property to contracts for the installation of utilities, cable TV and street lighting, which may require an initial payment and/or a continuing monthly payment by the Owner of each Lot. Each Lot Owner will be required to pay for any water connections, sewer connections (if any), impact fees or any other charges imposed by any entity furnishing water, sewer or other utility service to the Lots. In the alternative, the Developer may collect such connection, impact and other fees, and charges directly from the Lot Owners. All Lot Owners shall be required, for household purposes, to use water and sewer supplied by the companies/governmental units servicing the Planned Community, if and when available.

SECTION 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 4. Amendment of Declaration. Except in cases of amendments that may be executed by the Declarant under this Declaration or by certain Members under the Act, this Declaration may be amended by affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, or by the Declarant if necessary for the exercise of any Special Declarant Right or development or other right reserved to the Declarant herein.

SECTION 5. North Carolina Planned Community Act. It is the intent of the Declarant to comply with the requirements imposed on the Planned Community by the Act and to the extent any of the terms of his Declaration violate the Act, the terms of the Act shall control.

SECTION 6. Liability Outside Class. By virtue of this Declaration, the Association's Articles and Bylaws, certain actions by the Association are required to be taken for only a particular Class of Members. The Members of any Class of Membership outside of a Class for which they Association is required or elects to take any action shall have no liability, through assessments or otherwise, for the Association's failure to take or to mismanage any such action.

SECTION 7. Limitation on Alienation of Boat Slips. Declarant intends to construct a boat dock and boat slips, with the dock being community property, slips for common use, and private slips to be conveyed by Deed and Boat Slip Licensing Agreements. Declarant shall convey all private slips only as appurtenant to the ownership of a Lot in the Planned Community Live Oak Cove and/or any additional adjacent lands added to the Development, and can convey Slips only to Owners in Live Oak Cove. Said Deeds or Licensing Agreements shall state that said property and rights can only be later conveyed as appurtenant to land property deeds, but that any Slip

Owner may convey slips separately to any other Owner in Live Oak Cove. By Deed Restriction and/or licensing agreement, slips cannot be conveyed to any party not having ownership of Real Property in Live Oak Cove.

IN TESTIMONY WHEREOF, Declarant has caused this Declaration to be signed in its corporate name by its PRESIDENT, as of the day and year first above written.

LIVE OAK DEVELOPERS, INC.

By: Lee C. Biggar
President

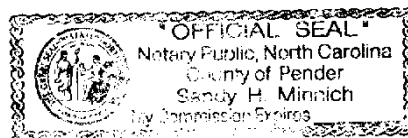
STATE OF NORTH CAROLINA

Pender COUNTY

I, SANDY H MINNICH, Notary Public of the aforesaid County and State, do hereby certify that Lee C. Biggar, personally appeared before me this day and acknowledged that he is the President of Live Oak Developers, Inc., a North Carolina corporation and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf and it act and deed. Witness my hand and Notarial stamp, this 6th day of June, 2006.

Sandy H Minnich
Notary Public

My Commission Expires: 10-9-10



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Fee Amt: \$50.00 Page 1 of 13
Onslow County, NC
Mildred M Thomas Register of Deeds

BK 2670 PG 400-412

**BYLAWS
FOR
LIVE OAK COVE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME AND DEFINITIONS**

Section 1.1 Name. The name of the association shall be Live Oak Cove Homeowners' Association, Inc. (the "Association").

Section 1.2. Definitions. Terms specifically defined in the Declaration of Covenants, Conditions and Restrictions for Live Oak Cove Subdivision, as may be from time to time, and including all attachments (hereinafter referred to as the "Declaration") shall have the same meaning, in these Bylaws, unless the context shall otherwise prohibit. For purposes of these Bylaws, the North Carolina Planned Community Act at Chapter 47F of the North Carolina General Statutes, including any amendments thereto, shall be referred to herein as the "Planned Community Act" and the North Carolina Nonprofit Corporation Act at Chapter 55A of the North Carolina General Statutes, including any amendments thereto, shall be referred to herein as the "Nonprofit Corporation Act."

**ARTICLE II
MEMBERSHIP AND VOTING**

Section 2.1. Membership. A Person shall become a member of the Association pursuant to the terms and conditions of the Declaration.

Section 2.2. Notice of Membership. Upon acquiring title to a Lot, each new Owner shall give such notice to the Association as is set forth in the Declaration.

Section 2.3. Suspension or Termination of Membership. The membership rights of a member shall not be suspended so long as the Person continues to hold an interest in

a Lot in fee simple, is not in violation of any provision of the Association Documents, and is not in arrears in the payment of any assessment.

Section 2.4. Vote/Voting Rights. The ownership of each Lot creates the right of one (1) vote for its owning member, or owning members collectively in the case of more than one Owner, on all matters upon which members vote as set forth in this Section. Members shall be entitled to vote on all matters as to which members may be entitled to vote under the Nonprofit Corporation Act, unless specifically provided otherwise in these Bylaws, the Articles of Incorporation, or the Declaration. In addition, members shall be entitled to vote on any other matters specifically provided for in the Declaration, the Articles of Incorporation, the Bylaws, or the Planned Community Act. Article III of the Declaration shall govern the membership classes and voting rights of members.

Section 2.5. Additional Provisions Governing Voting.

- (a) Association Votes. If the Association is an Owner, the Association shall not cast the vote appurtenant to such Lot, nor shall any such vote be counted for the purpose of establishing a quorum.
- (b) Multiple-Person Owners. In the event that more than one Person owns any Lot, the vote appurtenant to such Lot shall be cast as is provided by the Planned Community Act.
- (c) Voting Certificate. If a member is not a natural person, any natural person authorized by such member may cast the vote by such member. Such natural person must be named and a certificate signed by an authorized officer, partner, member, or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by a natural person on behalf of such member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote is cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed with the Secretary. Whenever the approval or disapproval of a member is required by any of the Association Documents, any person who would be entitled to cast the vote of such member at any meeting of the Association may make such approval or disapproval.
- (d) Delinquency. No member may vote at any meeting of the Association or be elected to serve on the Executive Board or be appointed to serve on any committee if payment by such member of any financial obligation to the Association is delinquent more than sixty (60) days and the amount necessary to bring the account current has not been paid by the record date set pursuant to Section 3.7 hereof for the applicable members' meeting (in the case of a member voting or being elected to serve on the Executive Board) or has not been paid by the

date of appointment, in the case of appointment to serve on any committee.

Section 2.6. Manner of Voting. Except in the election of directors as provided in Section 4.1 herein, if a quorum is present, action on a matter at a meeting of members is approved as is provided by the Nonprofit Corporation Act.

Section 2.7. Proxies. Members may vote by proxy as is provided in the Nonprofit Corporation Act, as long as the provisions regarding voting by proxy in the Planned Community Act also are met.

ARTICLE III **MEETING OF MEMBERS**

Section 3.1. Place of Meeting. All meeting of members shall be held at the principal office of the Association or at such other place within the State of North Carolina as shall be designated in the notice of the meeting.

Section 3.2. Annual Meetings. The annual meeting of members shall be held at such date and time as may be determined on an annual basis by the Executive Board and stated in the notice of such members' meeting. The annual meeting of members shall be held for the purpose of electing directors of the Association and for such other purposes as may be included in the notice of such meeting.

Section 3.3. Special Meetings. Special meetings of the members may be called at any time by (a) the President, or (b) a majority of the Board of Directors of the Association, and shall be called by the Secretary of the Association within thirty (30) days upon receipt of a written request signed, dated, and delivered to the Secretary by the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed in such request to be considered at the meeting or (c) as provided in the Declarations.

Section 3.4. Notice of Meetings. Notice of meetings of members shall be given in accordance with the requirements of the Nonprofit Corporation Act, and such notice shall contain any and all information required by the Planned Community Act and the Nonprofit Corporation Act.

Section 3.5. Waiver of Notice of Meetings. A member may waive any notice required by the Nonprofit Corporation Act, the Articles of Incorporation, or Bylaws pursuant to the requirements of the Nonprofit Corporation Act.

Section 3.6. Quorum. Unless provided otherwise in these Bylaws or the Declaration, thirty-three percent (33%) of the votes entitled to be cast on a matter, represented in person or by proxy at a meeting of members, shall constitute a quorum on that matter. Applicable provisions of the Planned Community Act because a quorum is not present shall govern any adjournment of any members' meeting.

Section 3.7. Record Date to Determine Members and List of Members. The record date of determining the members entitled to notice of a members' meeting shall be fixed in accordance with applicable provisions of the Nonprofit Corporation Act. Further, the corporation shall comply with the requirements regarding a list of members who are entitled to notice of a meeting as set forth in the Nonprofit Corporation Act.

ARTICLE IV **EXECUTIVE BOARD**

Section 4.1. Number and Election of Directors. The number of directors constituting the Board of Directors shall be not less than five (5) nor more than seven (7) as from time to time may be fixed or changed within said minimum and maximum by the members or by the Board of Directors. The Board of Directors of the Association also may be referred to herein from time to time as the "Executive Board" or the "Board." Except as provided in Section 4.5(b) hereof, the directors shall be elected, and the number of directors for the upcoming year shall be determined, at the annual meeting of members; and those persons who receive the highest number of votes by the members entitled to vote in the election at a meeting at which a quorum is present shall be deemed to have been elected.

Section 4.2. Term of Office of Directors. The directors shall be divided into two classes, as nearly equal in number as may be, to serve in the first instance for terms of one year and two years, respectively, and until their successors shall be elected and shall qualify, and thereafter the successors in each class of directors shall be elected to serve for terms of two years and until their successors shall be elected and shall qualify. In the event of any increase in the number of directors, the additional directors shall be so classified such that both classes of directors shall be increased equally, as nearly as may be, and, in the event of any decrease in the number of directors, both classes of directors shall be decreased equally, as nearly as may be. Except as specifically provided above, each director shall hold office for a term of two (2) years or until such director's death, resignation, retirement, removal or disqualification. Despite the expiration of a director's term, the director continues to serve as such until the director's successor is elected, designated, or appointed and qualifies, or there is a decrease in the number of directors. During the period of Declarant control, Declarant shall appoint all members of the Board and may fill such appointments with members or non-members.

Section 4.3. Qualifications. No person shall be eligible for election as a member of the Executive Board, or remain qualified to serve as a member of the Executive Board, unless such person is a member of the Association, which is other than an individual. No member or representative of a member shall be elected as a director or continue to serve as a director if such member is more than sixty (60) days delinquent in meeting any financial obligation owed to the Association, if such delinquency is not cured by the record date set pursuant to Section 3.7 hereof for such members' meeting in the case of an election of directors.

Section 4.4. Voting, Quorum, and Manner of Acting. Each director shall be entitled to one (1) vote on all matters that come before the Association. The quorum for directors and the vote of directors constituting an act of the Executive Board is as set forth in the Nonprofit Corporation Act.

Section 4.5. Removal or Resignation of Directors and Filling of Vacancies.

- (a) Removal. Directors may be removed pursuant to applicable provisions of the Nonprofit Corporation Act and by the Declarant during the Period of Declarant control at Declarant's discretion. In addition, any director who is elected and who without a reasonable excuse (said reasonableness to be determined by the Board) misses three (3) consecutive meetings of the Executive Board, including all special and regular meetings, may be removed from the Executive Board by majority vote of the Board, or during the Period of Declarant Control may be removed by the Declarant. The removal and the reason therefore shall be noted in the minutes of the meeting of the Board at which the removal occurs.
- (b) Filling of Vacancies. Vacancies on the Executive Board may be filled as set forth in the Nonprofit Corporation Act, except during the Period of Declarant Control, during which time, the Declarant shall fill all vacancies.
- (c) Resignation of Directors. A director can resign pursuant to the terms and conditions of the Nonprofit Corporation Act.

Section 4.6. Powers and Duties of the Board. The Executive Board shall manage the business and affairs of the Association. The Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Association, including, but not by way of limitation, all powers as set forth in Article 3 of the Nonprofit Corporation Act, and must do all such acts and things as are required by the Declaration or Bylaws to be exercised. The Executive Board shall delegate to one of its members or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 5.2 hereof), if any, which may arise between meeting of the Board as the Board deems appropriate. In addition to the duties imposed by any other provision of the Declaration or by any resolution of the Association that may hereafter be adopted, the Board shall perform the following duties and take the following actions on behalf of the Association;

- (a) Provide goods and services to the members in accordance with the Declaration, and provide for maintenance, repair and restoration of the Common Elements and the Property, as provided in the Declaration.
- (b) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to provide for the maintenance, repair and

restoration of the Common Elements and the Property as provided for in the Declaration, and provide goods and services to the Owners, as well as purchase equipment, supplies and materials to be used by such personnel in the performance of their duties.

- (c) Collect the assessments, deposit the proceeds thereof in depositories designated by the Executive Board and use the proceeds to carry out the maintenance, repair and restoration of the Common Elements and the Property as provided in the Declaration.
- (d) Adopt, amend and repeal any reasonable rules and regulations not inconsistent with the Declaration.
- (e) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (f) Enforce by legal means the provisions of the Association Documents as are in effect from time to time.
- (g) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Elements.
- (h) Notify the members of any litigation against the Association involving a claim in excess of ten percent (10%) of the amount of the annual budget.
- (i) Obtain and carry insurance pursuant to the applicable article of the Declaration and pay the premiums there for and adjust and settle any claims there under.
- (j) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of Lots or otherwise provided for in the Declaration.
- (k) Charge reasonable fees for the use of the Common Elements and for services.
- (l) Suspend the right of any Owner or other occupant of a Lot, and the right of such Person's household, guests, employees, customers, tenants, agents and invitees to use any recreational facilities, areas or amenities located in the Common Elements.
- (m) For each fiscal year, the Board shall prepare and adopt a proposed budget, including therein estimates of the amount considered necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. The process for

approving and rejecting the budget is controlled by the Declaration, including Article V thereof.

- (n) Adopt an annual budget and make assessments (general or special) against the Lots to defray the Common Expenses of the Association, establish the means and methods of collecting such assessments from the Owners and establish the period of the installment payment, if any, of the assessments for Common Expenses.
- (o) With membership approval, borrow money on behalf of the Association when required for any valid purpose.
- (p) Grant easements, rights of way and allow use of common property for septic fields and equipment and other uses when reasonably needed by a Lot owner or Declarant.
- (q) Hire consultants for itself and/or its committees.
- (r) Undertake any action authorized by the Declaration including the adjustment of Construction Deposits and Architectural Review Fee amounts after the Declarant Control Period.
- (s) Contract with any third-party service provider and administer the terms of such contract for the servicing Lots and Common Elements with telephone, cable, internet and/or security systems. The Association shall have the specific authority to collect the cost of such services provided by the third-party service provider. The Association shall have the power to allocate the costs of such services to the Lot Owners in such a manner as is fair and reasonable and costs may be considered a Common Expense Liability. The amount of each Lot Owners portion of the costs required by the terms of the third-party contract may be allocated as a Common Expense Liability based upon the "basic plan" of services regardless of whether the Owner actually utilizes such services. As Lot owners may have the option of increasing the type services to be provided by the third-party service provider, those extra costs may be allocated to the individual Lot Owners who desire increased services and the extra cost may be included in such Lot Owner's assessment. The Association is authorized to hire third-parties to assist in the collection of such service costs. As all members are required to comply with the terms of such third-party service provider, the Association is authorized and required to immediately notify all Owners who are in violation of the terms of such contract and if the same is not immediately cured, pursue all actions necessary to enforce such compliance.

Section 4.7. Meeting of Directors.

- (a) Types of Meetings. Regular and special meetings of the Executive Board may be held as is provided by the Nonprofit Corporation Act.
- (b) Notice. Notice of regular and special meetings of the Executive Board shall be made as is provided by the Nonprofit Corporation Act.
- (c) Waiver of Notice. Waiver of notice by a director may be made as set forth in the Nonprofit Corporation Act.

ARTICLE V
MANAGING AGENT

Section 5.1. Compensation. The Executive Board may employ for the purpose of administering the Property and the Common Elements a “managing agent” at compensation to be established by the Board.

Section 5.2. Duties. The managing agent shall perform such duties and services, as the Executive Board shall direct. Such duties and services may include, without limitation, the duties listed in Section 4.6(a), (b), (c), (f), (j), and (n). However, the Executive Board may not delegate the managing agent the powers set forth in Section 4.6(d), (e), (g), (h), (i), (j), (l), (n), (o), (p) and (r). In addition and generally, the managing agent shall perform the obligations, duties and services relating to the management of the Property and Common Elements in compliance with the provisions of the Declaration. The Executive Board shall impose appropriate standards of performance upon the managing agent.

ARTICLE VI
OFFICERS

Section 6.1. Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Executive Board), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may also elect an assistant Treasurer, an assistant secretary and such other officers as in its judgment may be necessary. All officers shall be Owners, officers of corporate Owners, partners of partnership Owners, or members of limited liability company Owners and shall be members of the Executive Board. Each officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent, if any, inconsistent with the Declaration and these Bylaws, and shall perform such other duties as may be assigned to such office by resolution of the Executive Board. If any officer is unable for any reason to perform the duties of the office, the President (or the Executive Board if the President fails to do so) may appoint another qualified individual to act in such officer’s stead on an interim basis.

Section 6.2. Election of Officers. The Executive Board shall elect the officers of the Association annually. Each officer shall hold office for a term one (1) year or until such officer's death, resignation, retirement, removal or disqualification, or until the election and qualification of such officer's successor.

Section 6.3. Removal and Resignation. Officers may resign and be removed as is set forth in the Nonprofit Corporation Act, except during the Period of Declarant control, when the Officers may be removed by the Declarant.

Section 6.4. Vacancies. Subject to the provision set forth Section 6.1 of these Bylaws, a vacancy in the office may be filled by appointment by the Executive Board. Individuals appointed to fill a vacancy by the Executive Board shall serve for the remainder of the term of the officer such individual replaces.

Section 6.5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall supervise and control the management of the Association in accordance with these Bylaws. The President, when present, shall preside at all meetings of members. The President, with any other proper officer, may sign any deeds, leases, mortgages, bonds, contracts or other instruments which lawfully may be executed on behalf of the Association, except where required or permitted by law otherwise to be signed and executed and except where the signing and execution thereof shall be delegated by the Executive Board to some other officer or agent. In addition, the President shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, the President shall perform all duties incident to the office of President and the Executive Board may assign such other duties as from time to time.

Section 6.6. Vice President. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Executive Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Executive Board.

Section 6.7. Secretary. The Secretary shall: keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and papers as the Board may direct and as may be required by Article 16 of the Nonprofit Corporation Act; give or cause to be given all notices required to be given by the Association; give each Owner notice of each assessment against such Owner's Lot as soon as practicable after assessment is made; provide for each Owner, upon request, a copy of the Rules and Regulations of the Association; maintain a register setting forth the place to which all notices to members hereunder shall be delivered; make it possible for any member to inspect and copy at reasonable times and by appointment the records of the Association

in accordance with and as required by the Nonprofit Corporation Act; and, in general, perform all the duties incident to the office of Secretary.

Section 6.8. Assistant Secretaries. In the absence of the Secretary or in the event of the Secretary's death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Executive Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. Assistant Secretaries shall perform such other duties as from time to time may be assigned by the Secretary, by the President, or by the Executive Board.

Section 6.9. Treasurer. The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the Executive Board. The Treasurer shall maintain appropriate accounting records as may be required by law and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Executive Board.

Section 6.10. Assistant Treasurers. In the absence of the Treasurer or in the event of the Treasurer's death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Executive Board, shall perform the duties of the Treasurer, and when so acting shall have the powers of and be subject to all the restrictions upon the Treasurer. Assistant Treasurers shall perform such other duties as from time to time may be assigned by the Treasurer, by the President, or by the Executive Board.

ARTICLE VII **COMMITTEES**

Committees of the Executive Board and other committees may be set up in accordance with applicable provisions of the Nonprofit Corporation Act. During the period of Declarant control, Declarant shall appoint the members of the Architectural Review Committee.

ARTICLE VIII **INDEMNIFICATION AND COMPENSATION**

Section 8.1. Indemnification. The Association shall indemnify, to the fullest extent permitted by law and this Section, any person who is or was a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding (and any appeal therein), whether civil, criminal, administrative, arbitral, or investigative and whether or not brought by or on behalf of the Association, by reason of the fact that such person is or was a director or officer of the Association, or is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise or as a trustee or administrator under an employee benefit plan, or arising out of such party's

activities in any of the foregoing capacities, against all liability and litigation expense, including reasonable attorneys' fees; provided, however, that the Association shall not indemnify any such person against liability or expense incurred on account of such person's activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Association or if such person received an improper personal benefit from such activities. The Association likewise shall indemnify any such person for all reasonable costs and expenses (including attorneys' fees) incurred by such person in connection with the enforcement of such person's right to indemnification granted herein.

The Association shall pay all expenses incurred by any claimant hereunder in defending a civil or criminal action, suit, or proceeding as set forth above in advance of the final disposition of such action, suit, or proceeding upon receipt of and undertaking by or on behalf of such claimant to repay such amount unless it ultimately shall be determined that such claimant is entitled to be indemnified by the Association against such expenses.

The Executive Board of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this Bylaw, including without limitation, (a) a determination by majority vote of disinterested directors (i) that the activities giving rise to the liability or expense for which indemnification is requested were not, at the time taken, known or believed by the person requesting indemnification to be clearly in conflict with the best interests of the Association and (ii) that the person requesting indemnification did not receive an improper personal benefit from the activities giving rise to the liability or expense for which indemnification is requested, and (b) to the extent needed, giving notice to the members of the Association.

Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Section 8.2. Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director or officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by any person serving as a director or officer for services provided to the Association in a capacity other than that of director or officer nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or officer.

Section 8.3. Board May Purchase Insurance. The Board may purchase the directors and officers insurance, fidelity bond and general liability insurance described in the Declaration.

ARTICLE IX
BOOKS AND RECORDS

Section 9.1. Maintenance. The Association shall keep books and records and financial information as required by applicable provisions of the Nonprofit Corporation Act and in compliance with the Planned Community Act.

Section 9.2. Availability. Any Owner and the Owner's authorized agent shall make all financial and other records of the Association reasonably available for examination. For this purpose, the books and records of the Association shall be available for inspection by the members and their attorneys and accountants pursuant to the terms and conditions of applicable provisions of the Nonprofit Corporation Act.

Section 9.3. Fiscal Year. The Executive Board shall fix the fiscal year of the Association.

ARTICLE X
AMENDMENTS


These Bylaws may be amended or repealed and new Bylaws may be altered, amended, or repealed at any time by the membership and by the Board of Directors pursuant to the applicable provisions of the Nonprofit Corporation Act.

ARTICLE XI
CONFLICT

Any conflict between the Planned Community Act and the Nonprofit Corporation Act as such laws relate to the operations and governance of the Association shall be resolved, to the degree possible, such the conflicting provisions of the two laws are consistent with one another. However, in the event of an unresolvable conflict between the provisions of the Planned Community Act and the Nonprofit Coporation Act, the provisions of the Planned Community Act shall control.

I certify that the foregoing are a true copy of the By-Laws of Live Oak Cove Homeowners Association, Inc.

LIVE OAK COVE HOMEOWNERS ASSOCIATION, INC.

BY: 
Lee C. Biggar, Organizer

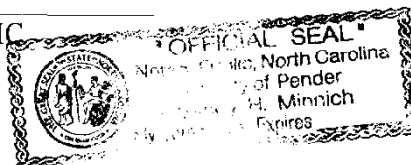
NORTH CAROLINA
Pender COUNTY

I, SHADY H Minnich, a Notary Public of the County and State
aforesaid, certify that Lee C. Biggar, personally came before me this day and
acknowledged that he is the President of Live Oak Developers, Inc. and that he, being
authorized to do so, executed the foregoing on behalf of the corporation.

Witness my and official stamp or seal, this the 10th day of
June, 2006.

Shady H Minnich
NOTARY PUBLIC

My commission expires: 10-9-10



STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

The foregoing certificate of _____ Notary Public is
certified to be correct. This instrument was presented for registration this day and hour
and duly recorded in the office of the Register of Deeds of Onslow County, North
Carolina, in Book _____, Page _____, this the _____ day of
_____, 2006.

REGISTER OF DEEDS