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Onslow County, NC
Rebecca L. Pollard Reg. of Deeds
BK 3804 PG 11-28

**MASTER DECLARATION OF RESTRICTIVE AND PROTECTIVE
COVENANTS FOR SAGEWOOD AND SAGEWOOD SECTION I
(the "Declaration")**

Prepared by and return to:
Gaylor Edwards & Vatcher, P.A.

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS, is made this the 27th day of June, 2012 by
BEAVER CREEK INVESTORS, INC., a North Carolina corporation, hereinafter called "Declarant",

W I T N E S S E T H:

WHEREAS, Declarant is the owner of a certain tract of land situated in Jacksonville Township, Onslow County, North Carolina, being more particularly described on Exhibit "A", being hereinafter referred to as the "Development Area"; and

WHEREAS, Declarant is constructing on a portion of the Development Area, a residential subdivision with single family dwellings, hereinafter referred to as the "Project", and plans to construct on the remainder of the Development Area additional single family dwellings; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values and to provide for the maintenance of certain improvements located thereon, and to this end desires to subject the Project property to the covenants, restrictions, easements, charges and liens as are hereinafter set forth, each and all of which are for the benefit of said real property and each present and future owner thereof;

WHEREAS, Declarant desires to provide and allow for the annexation of additional "sections" to the Project as said "sections" are developed and completed, and to provide for equality of rights, privileges and obligations of all lot owners in all "sections" of the Project by adding and annexing such "sections" to the Project by recordation of "Supplemental Declarations" to this Declaration.

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DECLARATION:

ARTICLE I

PROJECT PROPERTY

NOW, THEREFORE, it is hereby declared that the Project property described herein is, and shall be, held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth; said Project property being more particularly described as follows:

BEING all that certain tract of land, containing 30.79 acres, as shown and described on a map entitled, "Final Plat, Showing Planned Residential Development, SAGEWOOD SECTION I", dated May 15, 2012, prepared by John L. Pierce & Associates, P.A. and recorded in Map Book 64, Page 116, Cabinet N, in the Office of the Register of Deeds of Onslow County, North Carolina, hereinafter referred to as the "Property" or "Sagewood, Section I" or "Subdivision".

ARTICLE II

DEFINITIONS

Section 1. Association shall mean and refer to "SAGEWOOD HOA, INC.", its successors or assigns.

Section 2. Board shall mean and refer to the Board of Directors of the Association.

Section 3. Common Area shall mean all real property owned by the Association for the common use, benefit and enjoyment of the Owners and designated as Lot 89 on the plat recorded in Map Book 64, Page 116, Onslow County Registry, together with any area designated as "Common Area", and those areas of land shown on any recorded subdivision map of any portion of the Properties not situated within the boundary of any Lot .

Section 3. Common Expenses shall mean and refer to :

a. the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Articles of Incorporation of the Association and its By-Laws;

b. all amounts expended by the Association in accordance with Article XVI in holding and being responsible for the obligations of the Stormwater Management **Permit SW8-111118** overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities located within the Property as required by this Declaration and all amounts expended in enforcing the provisions of the Permit;

c. all amounts expended by the Association for the maintenance, repair and replacement of any structures or other improvements, including the landscaping thereof, within the Common Area, specifically including, but not limited to, any structures or improvements situated on or under Lot 89, Map Book 64, Page 116, Onslow County Registry;

d. all amounts expended by the Association for the maintenance, repair and replacement of any sign, fence or other improvements, including the landscaping thereof, within any Sign Easement, or Fence Easement, both of which are hereinafter defined, and any expenditures required to maintain compliance with the North Carolina Erosion and Sedimentation Control Permit for the Property.

Section 4. Declaration shall mean the covenants, conditions, restrictions and easements and all other provisions set forth in this entire document, as may from time to time be modified or amended.

Section 5. Declarant shall mean and refer to BEAVER CREEK INVESTORS, INC., a North Carolina corporation, or any successor in title or any successor in interest of BEAVER CREEK INVESTORS, INC. or all of the Property then owned

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by BEAVER CREEK INVESTORS, INC., or if it is provided in writing by the Declarant that the successor in title or successor in interest is to assume the rights and obligations of Declarant, then to any successor in title or successor in interest to any portion of the Property then subject to this Declaration.

Section 6. Fence Easement shall mean any area of the Property designated as "Fence Easement" on the any recorded subdivision map of any portion of the Properties.

Section 7. Lot shall mean any separately described parcel of land, other than streets, roadways or areas designated as easements, shown on any recorded subdivision map of the Property.

Section 8. Permit shall mean the State of North Carolina Stormwater Management Permit number SW8-111118 issued by the Division of Water Quality under NCAC 2H.1000, and any subsequent modification thereto or other stormwater management permit hereafter issued for any property annexed to the Subdivision by the Declarant.

Section 9. Property or Properties shall mean and refer to any real property which is, or may be, subject to this Declaration, or any Supplemental Declaration.

Section 10. Sign Easement shall mean any area of the Property designated as "Sign Easement" on any recorded subdivision map of any portion of the Properties.

Section 11. Supplemental Declaration shall mean and refer to any declaration of covenants, restrictions, easements, charges and liens recorded by the Declarant, or its successors and assigns, which applies to a specific Parcel within the Development Area.

ARTICLE III

PURPOSES

No Lot or Lots shall be put to any use other than for residential purposes, except that any Lot, including, but not limited to a Reserved By Owner Lot, which is owned by Declarant may be used by the Declarant for a street or roadway or off-site sanitary sewer disposal system. All Lots with the suffix "A" shall be used solely for sanitary sewer disposal and shall be owned and conveyed together with the same numeral parent Lot whether or not it is described in the deed of conveyance of such parent Lot.

ARTICLE III

LAND USE AND BUILDING TYPE

No building shall be used except for residential purposes. No structure shall be erected, placed, altered, or permitted to remain on any such lot other than single family dwellings not to exceed two and one-half stories in height, a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, and such other outbuildings as may be reasonably appurtenant to the dwelling, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. This covenant shall not be construed as prohibiting the use of a new single family dwelling as a model home for sales purposes.

ARTICLE IV

DWELLING QUALITY AND SIZE

The ground floor area of the main structure, exclusive of one-story porches and garages, shall be not less than 1,000 square feet for a one-story dwelling, nor less than 700 square feet for a dwelling of more than one story. All exterior colors of the structure (i.e. exterior walls, window frames, soffit and shingles) and mailbox designs must be approved by the Declarant or its assign prior to construction.

ARTICLE V

BUILDING LOCATION

No building shall be located on any corner lot nearer to the front line or any side street line than as shown on the recorded plat nor nearer than 15 feet to the rear lot line. No building shall be located with respect to interior side lot lines so as to be nearer than 8 feet to either such line. No dwelling shall be located on any interior lot nearer to the front lot line than as shown on the recorded plat nor nearer than 15 feet to the rear lot line. No garage or other permitted accessory building shall be located nearer than 15 feet to any rear lot line. For the purposes of this covenant, eaves, steps, open porches, and carports shall not be considered as part of a building provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. An error of not more than ten percent (10.0%) in the location of a building on the lot with respect to the minimum set back lines shall not be considered a violation of this covenant.

ARTICLE VI

NUISANCES

No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

ARTICLE VII

EASEMENTS

Easements for installation and maintenance of utilities, including, but not limited to septic system facilities, and drainage facilities are reserved as shown on the recorded plat and over the rear ten feet of each lot. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority, or utility company is responsible.

The Declarant reserves for itself, its successors and assigns, an easement and right at any time in the future to grant a right of way under, over and along the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, conduits, pipes, and other equipment necessary to or useful for furnishing electric power, gas, telephone service, drainage or other utilities, including water and sanitary sewer or storm water sewer services.

ARTICLE VIII

ANIMALS, LIVESTOCK AND POULTRY

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other customary household pets may be kept provided that they are not kept, bred or maintained for commercial purposes. Owners shall be obligated to construct fences in compliance with the fence requirements set forth in Article X, infra, or invisible fencing, to insure pets remain confined on the owner's lot. Pets shall not be restrained on lots by any chains, ropes or other leash type device anchored or fastened to a temporarily or permanently immovable object or structure. Any and all pets shall not be allowed off the owner's lot, unless same are leashed, under the direct physical control of the owner at all times, and are not creating a nuisance to the other residents, or guests of residents, in the subdivision.

ARTICLE IX

BUILDING PLANS AND SPECIFICATIONS

No dwelling or other building shall be erected upon any lot unless the plans and specification thereof meet or exceed the requirements of "minimum property standards for one and two living units". (FHA. No.300), Federal Housing Administration.

ARTICLE X

ERECTION OF FENCES

Fences, not to exceed six (6) feet in height, constructed of wood or vinyl materials may be constructed between the front of the primary dwelling and the rear lot line. No chain link fences shall be permitted. No fence shall be erected between the front of the primary dwelling and the street right of way, unless such fence shall be of an ornamental nature. Brick and split-rail shall be deemed to meet the requirements of this restriction. Fencing traversing a Lot shall be parallel to the front lot line. **Provided, however, that with respect to corner lots, no fencing shall be erected or maintained without the prior written approval of the Declarant, its successor or assigns, as to the location thereof.**

ARTICLE XI

GARBAGE AND REFUSE DISPOSAL

No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

ARTICLE XII

SIGHT DISTANCE AT INTERSECTION

No fences, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply upon any lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersection, unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE XIII

TEMPORARY STRUCTURES

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding temporarily or permanently. No trailer, mobile home, or camper shall be parked on any lot at any time for any purpose, nor shall any recreational vehicle be allowed to remain on any lot at any time for any purposes, unless it is parked behind the main dwelling structure or placed inside the carport or garage.

ARTICLE XIV

DRAINAGE

All driveways shall have drainage tile in the street ditches installed and sized in accordance with the N.C. State Highway recommendations.

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ARTICLE XV

MISCELLANEOUS RESTRICTIONS

- (A) No boat or boat trailer shall be parked in the area between the front of the dwelling situated on any lot and the street right of way.
- (B) No trampoline(s) or other large recreational equipment or devices shall be permitted in the area between the front of the dwelling situated on any lot and the street right of way.
- (C) No portable basketball goals shall be permitted on any lot or within the right of way adjacent to such lot.
- (D) Each Lot Owner shall be responsible for repairing, and restoring to its original condition, the non-paved portion of the street right of way adjacent to any Lot damaged by the parking of the owner's, their family members' or guests' motor vehicles in that area.

ARTICLE XVI

STORMWATER MANAGEMENT

- (A) The following covenants and restrictions set forth in this Article XVI are intended to insure continued compliance with State Stormwater Management Permit Number **SW8-111118** 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 set forth in this Article XVI pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.
- (D) Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division of Water Quality.
- (E) The maximum allowable built-upon area ("BUA") per lot is 3,400 square feet. This allotted amount includes 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.
- (F) In case of a Lot within CAMA's regulated Area of Environmental Concern, where the Division of Coastal Management calculates a different maximum allowable built-upon area for that Lot than as shown herein, the governing maximum built-upon area for that Lot shall be the most restrictive of the two amounts.
- (G) Filling in or piping of any vegetative conveyances (such as ditches, swales, etc.) associated with the development, except for the minimum amount necessary under driveways to provide access to lots and the minimum amount necessary to direct runoff beneath an impervious surface such as a road, is strictly prohibited by any person.
- (H) Each Lot will maintain a fifty (50) foot wide vegetated buffer adjacent to impounded structures, rivers and streams and tidal waters.
- (I) All roof drains shall terminate at least fifty (50) feet from the normal pool of impounded structures, the bank of each side of rivers and streams, and the mean high water line of tidal waters.
- (J) Built upon area in excess of the permitted amount requires a state stormwater permit modification prior to construction.
- (K) These covenants are to run with the land and be binding on all persons and parties claiming under them.
- (L) Placement of dredged or fill material, or development within the waters of the United States and/or wetlands without a Department of the Army permit may constitute a violation of Section 301 of the Clean Water Act.

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This activity also requires notification to the Division of Water Quality, Stormwater and Wetlands Sections.

All permitted runoff from future development of the Property shall be directed into the permitted stormwater control system. These connections to the stormwater control system shall be performed in a manner that maintains the integrity and performance of the stormwater control system as permitted.

Declarant, the Association, the State of North Carolina and their respective successors and assigns, reserve and retain the right to go upon any Lot to inspect for the compliance of such Lot with the Permit and to maintain, repair, replace and construct ditches and devices necessary to insure that such Lot is in compliance with the Permit.

ARTICLE XVII

RESERVATION OF EASEMENTS AND RIGHTS BY DECLARANT

Declarant hereby reserves for itself, the Association, their successors and assigns, for any purposes it deems useful to its development of the Property, the development of other property now owned, or which may be owned in the future by Declarant, or the development of other property to which Declarant may grant the benefit of such easements, those easements shown on any recorded subdivision map of the Property, or subsequently annexed property, and the following additional easements and rights:

A. **Ingress, Egress, Drainage and Utility Easements:** A perpetual easement for ingress, egress, regress, access, the installation and maintenance of utilities, further subdivision, and the right to dedicate to public use, over, under and upon all streets and drainage and utility easements shown on any recorded map of the Property or lying within the subdivision and the water and sewer easements lying within the subdivision;

B. **Right to Grant Additional Easements:** The right to grant easements for the purposes of ingress, egress, regress, access, the installation, use and maintenance of utilities and further subdivision, over, under and upon (i) all streets shown on any recorded map of the Property and (ii) the drainage and utility easements and easements for the water and sanitary sewer systems located within the Property, to any property outside the Subdivision and Property to which Declarant deems the grant of such easements desirable, whether or not the property to which the easements are granted is owned by Declarant;

C. **Reservation of Underground Utility Easements:** A perpetual easement over, under and upon all streets and drainage and utility easements shown on any recorded subdivision map of the Property for the purpose of establishing, constructing and maintaining any underground utility, conduits and wires for telephone, electric power and other purposes and of laying, installing and maintaining facilities for sewage, potable and non-potable water, gas, storm drainage and other utilities therein. This reservation shall not be construed as an obligation of Declarant to provide or maintain any such activity or services;

D. **Easement to Remove Easement Obstructions:** A perpetual access easement over, under and upon the Lots to trim, cut and remove any trees and brush necessary for the installation, operation and maintenance of utility lines, gas, water and sewer mains and other services for the convenience of the property owners and appurtenances thereto;

E. **Transmission Easements:** A perpetual and exclusive easement for the installation and maintenance of radio and television transmission cables within the rights-of-way and easement areas reserved and defined above.

F. **Sign and Fence Easements:** A perpetual easement for the erection, maintenance, repair and replacement of a sign or signs within any Sign Easement and a fence or fences within any Fence Easement as shown on the recorded map of the Property.

ARTICLE XVIII

**OWNER'S MAINTENANCE OBLIGATIONS AND RIGHT OF DECLARANT AND
ASSOCIATION TO PERFORM CERTAIN MAINTENANCE.**

A. On each Lot, the rights-of-way and easement areas reserved by Declarant, except for any Sign Easement or Fence Easement area, or dedicated to public utilities purposes shall be maintained continuously by the Lot owner. No structure, plantings or other material shall be placed or permitted to remain, or other activities undertaken which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of the flow of water through drainage channels in the easements, or which damage or interfere with established slope ratios or which create erosion problems. It is provided, however, that where the existing location of an easement or drainage channel reserved in this Declaration or shown on any recorded subdivision map of the Property would hinder the orderly development of the Lot on which the easement is located, the easement or drainage channel may be relocated by Declarant. Improvements within such areas also shall be maintained by the Lot owner, except for those for which a public authority or utility is responsible.

Each owner of an off-site sanitary sewer treatment and disposal lot as shown on any recorded plat of the Property shall be solely responsible for maintaining and repairing that portion of the sanitary sewer treatment and disposal system located on said off-site lot and shall maintain said lot in a neat and orderly manner, including the mowing thereof.

B. In the event the owner of any Lot shall fail to maintain the Lot, or off-site sanitary sewer treatment and disposal lot, and/or the improvements situated thereon in a manner in keeping with this Declaration (*that is, in a manner which enhances and preserves the property values*), in addition to any other rights set forth herein or provided by law, the Declarant and the Association shall have the right, but not the obligation, through their agents and employees, to enter upon said Lot and clear, clean, repair, maintain and restore the Lot, the exterior of any building and any other improvements erected thereon, to a condition so as not to distract from the appearance of the Subdivision. There is included in the authority herein granted the power to clear any Lot of undergrowth, rubbish, debris, weeds or grass, including the mowing of same to conform to as close as possible to the other Lots in the Subdivision. In the event the owner of any Lot shall damage or through negligent failure to act allow damage to occur to any septic system easement area, or Stormwater Management Facilities, located on said owner's Lot, or fail to comply with all applicable North Carolina Sedimentation and Erosion Control Permits, in addition to any other rights set forth herein or provided by law, the Declarant, and the Association shall have the right, but not the obligation, through their agents and employees, to enter upon said Lot and clear, clean, repair, maintain and restore the septic system easement area, and Stormwater Management Facilities, and to bring the Lot into compliance with the applicable North Carolina Sedimentation and Erosion Control Permits. There is included in the authority herein granted the power to clear Lots of undergrowth, rubbish, debris, weeds or grass, including the mowing of same.

The costs of the maintenance or repair authorized by this Article shall be considered the legal obligation of the Lot owner. The Declarant, or the Association, as applicable, may maintain an action in court having jurisdiction for such costs, together with all collection costs, including reasonable attorney's fees, and expenses incurred in pursuing such action. The costs shall not constitute a lien on said Lot, unless and until the final judgment of such court shall be entered in the office of the Clerk of Court of Onslow County. Any such lien obtained shall be subordinate to any first deed of trust.

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ARTICLE XIX
SAGEWOOD HOA, INC.

A. The SAGEWOOD HOA, INC. (the "Association") has been or will be formed at the direction of the Declarant pursuant to the rules and requirements of the Nonprofit Association Act (Chapter 55A) of the General Statutes of North Carolina as an association of the owners of the Lots. Its purposes are to: (1) oversee, inspect, maintain, repair and replace the Stormwater Management Facilities constructed pursuant to the Permit; (2) enforce the provisions of the Permit; (3) enforce each Lot owner's obligations with respect to the Stormwater Management Facilities pursuant to this Declaration; (4) enforce each Lot owner's obligations with respect to all applicable North Carolina Sedimentation and Erosion Control Permits; said authority to be exercised, if and only if, and when and only when, Declarant transfers the Permit to the Association; (5) inspect, maintain, repair and replace any improvements constructed or located upon or under the septic system easements; (6) inspect, maintain, repair and replace signs and landscaping located within any Sign Easement; (7) inspect, maintain, repair and replace fences located within any Fence Easement; and (8) take such action as is authorized in Article XVIII, supra. The Association shall have no authority with respect to the Lots located in the Subdivision until such time as Declarant transfers such rights to the Association.

B. The Declarant shall have the right, but not the obligation, to annex into the Subdivision additional property now, or in the future, owned by Declarant. From and after the date of such annexation, the annexed Lots shall be subject to the jurisdiction of the Association and the owners of the annexed Lots shall be members of the Association.

C. Each owner of each Lot within the Subdivision shall be a member of the Association. The Declarant, by this Declaration, and the owners of each individual Lot, by their acceptance of a deed thereto, covenant and agree with respect to the Association:

- (1) that for so long as each is an owner of a Lot within the Subdivision, each will perform all acts necessary to remain in good and current standing as a member of the Association; and
- (2) that any unpaid assessment, whether general or special, levied by the Association in accordance with this Declaration, the Articles of Incorporation (herein called the "Articles") or the Bylaws of the Association (herein called the "Bylaws") shall be a lien upon the Lot upon which such assessment was levied and also shall be the personal obligation of the person who was the owner of the Lot at the time the assessment fell due.

D. Each membership in the Association shall relate to and have a unity of interest with an individual Lot which may not be separated from the ownership of said Lot. The books and all supporting documentation, the Declaration, the Articles, the Bylaws, and all amendments thereto shall be available for examination by all Lot owners, and their lenders or their lenders' agents during normal business hours at the principal office of the Association.

E. The Association shall have one (1) class of members. The members shall be all the owners of a Lot, and they shall be entitled to one vote for each Lot owned; provided, however, when more than one person holds an interest in any Lot, all such persons shall be members; however, the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote or any fraction of a vote be cast with respect to any Lot.

F. The Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities required to be located upon the Lots and Property or upon any property annexed into the Subdivision by the Declarant to the standards required by the applicable Permit. Upon completion of the construction of said Stormwater Management Facilities located in the Subdivision, the Declarant shall transfer the applicable Permit to

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the Association and the Association shall accept the transfer of the applicable Permit from the Declarant upon the earlier to occur of (i) the date the North Carolina Department of Environment and Natural Resources allows such transfer to occur; or, (ii) the date upon which at least fifty percent (50%) of the Lots in the Subdivision are conveyed to owners, other than Declarant. Prior to any such transfer, the Stormwater Management Facilities for the Subdivision, including any property annexed by Declarant into the Subdivision, shall be certified, either by state inspection or by a licensed engineer, as being in compliance with the applicable Permit prior to such assignment or transfer. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant in the defense of any action against Declarant as the holder of the Permit occurring after Declarant tenders transfer of the Permit to the Association following the approval of such transfer by the North Carolina Department of Environment and Natural Resources and the certification of compliance as set forth above. Further, Declarant may bring an action for specific performance of the obligations of the Association pursuant to this paragraph. From and after the transfer of the Permit from the Declarant following the approval of the North Carolina Department of Environment and Natural Resources, the oversight, supervision, management and administration of the Permit shall be the sole responsibility of the Association. The Association's duties with regard to the Permit shall be carried out in accordance with the terms and conditions of this Declaration, the Articles, the Bylaws and the Permit. The Association hereby is granted and conveyed an easement over, under and upon each Lot and future lots in the Subdivision for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each Lot and future subdivided lot. In the event, the Declarant annexes additional property into the Subdivision and transfers the applicable Permit to the Association, the Association shall have, and hereby is granted and conveyed, an easement over, under and upon each annexed Lot for the purpose of access to and inspection, maintenance, repair and replacement of all Stormwater Management Facilities located upon each annexed lot.

G. The expenses of the Association shall include:

(1) All amounts expended by the Association in holding and being responsible for the obligations of the Permit and overseeing, supervising, administering, managing, repairing, replacing and insuring all Stormwater Management Facilities and Sedimentation and Erosion Control facilities located within the Subdivision as required by this Declaration; all amounts expended by the Association in enforcing the provisions of this Declaration, as may be amended; all amounts expended by the Association in the performance of its duties hereunder from and after the time Declarant transfers the Permit; and all amounts expended by the Association in legal, engineering or architectural fees and all similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by this Declaration.

(2) All amounts expended by the Association in carrying out any duty or obligation as may be required or allowed by this Declaration, the Articles or the Bylaws.

(3) All amounts expended by the Association in operating, administering, managing, repairing, replacing, improving, paying all taxes imposed on and insuring the improvements, including landscaping, situated in the Sign Easement.

(4) All amounts expended by the Association for the maintenance, repair and replacement of any fence erected in the Fence Easement as shown on the recorded plat of the Subdivision.

(5) All amounts expended by the Association in repairing, replacing, and improving the force main/supply lines of any wastewater treatment systems and/or sanitary sewer (septic system) easements dedicated for such purpose.

(6) All amounts expended by the Association in operating, administering, managing, repairing,

replacing, improving, paying taxes imposed and insuring the structures and improvements, including landscaping, situated in and on the Common Area.

H. Each owner of any Lot by acceptance of a deed for the same (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to pay to the Association annual general assessments or charges as hereinafter provided. Each owner of Lots with off-site sanitary sewer lots designated with the parent lot number and suffix "A", by acceptance of a deed for same (whether or not it shall be expressed in such deed) is deemed to covenant and agree, to pay to the Association annual limited common assessments or charges as hereinafter provided. The annual general assessments, and annual limited common assessments, together with interest, costs and reasonable attorneys' fees, shall be a separate charge and lien on the land and, subject to the limitations set forth herein, shall be a continuing lien upon the property against which each such assessment is made. Furthermore, each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title to a Lot, unless expressly assumed by them, but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot.

(1) Until January 1, 2013, the annual general assessment shall be Two Hundred Dollars (\$200.00) per Lot and the annual limited common assessment, if any, shall be Fifty Dollars (\$50.00) per Lot.

(2) From and after January 1, 2013, the annual general assessment and annual limited common assessment may be increased upon the vote of a majority of the Board of Directors of the Association by no more than fifteen percent (15%) of the annual general assessment, or annual limited common assessment, for the preceding year.

(3) Any increase of the annual general assessment, or any increase in the annual limited common assessment, exceeding fifteen percent (15%) of such assessment for the preceding year must be approved by the owners of at least two-thirds (2/3) of the Lots subject to such assessment, who are voting in person or by proxy at a meeting called for this purpose.

(4) Once the annual general assessment has been set, notice of the annual general assessment shall be given to all Lot owners. Once the annual limited common assessment has been set, notice of the annual limited common assessment shall be given to the owners of Lots with off-site sanitary sewer systems, designated with the suffix "A". It is provided, however, that no owner is relieved from the obligation to pay the assessment because of failure to give such notice. After the initial notice of the assessment, no bills for such assessment will be forwarded to any owner, but such assessment thereafter shall become due and payable as provided by the Board of Directors.

(5) As provided in the Bylaws, and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each fiscal year. Such budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Stormwater Management Facilities, the North Carolina Sedimentation and Erosion Control Permits, the "Entrance Signs" situated in any Sign Easement, any fence situated in any Fence Easement, the operation, management and maintenance of the improvements and facilities situated upon or under the sanitary sewer (septic system) easements, and the Association, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. Upon adoption of such Annual Budget by the Board of Directors, copies of the Budget shall be delivered to each owner together with a statement of the applicable assessment(s) for each Lot as provided herein, based upon such budget; however, the non-delivery

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of a copy of said Budget shall not affect the liability of any owner for such assessment(s). The Annual Budget for the annual general assessment shall be divided by the number of Lots subject to the annual general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot for the succeeding fiscal year. The Annual Budget for the annual limited common assessment shall be divided by the number of Lots subject to the annual limited common assessments at the time of the annual meeting of the members and the quotient shall be the annual limited common assessment per Lot for the succeeding fiscal year.

(6) All monies collected by the Association shall be treated as the separate property of the Association and such monies may be applied by the Association to the payment of any expense of operating and managing the Association or the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws. As monies for any assessment are paid into the Association by any owner, the same may be commingled with monies paid to the Association by the other owners. Although all funds and any increments thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer said owner's membership interest therein, except as an appurtenance of said owner's Lot. When the owner of a Lot shall cease to be a member of the Association by reason of said owner's divestment of ownership of such Lot, by whatever means, the Association shall not be required to account to such owner for any share of the fund or assets of the Association, including any monies which said owner may have paid to the Association, as all monies which any owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Association.

(7) Written notice of any meeting called for the purpose of taking any action requiring a meeting shall be sent to all members not less than thirty (30) days, or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast **ten percent (10%)** of the votes of all members **shall constitute a quorum**. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

I. Annual general assessments and special assessments shall, except as otherwise provided herein, be fixed at a uniform rate for all Lots. Annual limited common assessment, or any special limited common assessment, for the maintenance, repair, restoration and replacement of the force mains/supply lines within the sanitary sewer (septic system) and access easements shall be fixed at a uniform rate for Lots with off-site sanitary sewer systems situated on Lots designated with the suffix "A" on any portion of the Property, but shall not be assessed against the other Lots in the Subdivision.

J. The annual general assessments and annual limited common assessments provided for herein shall commence as to each Lot, other than any Lot owned by the Declarant upon which no residential dwelling has been constructed and conveyed to a third party purchaser, on the date of recordation of the deed for such Lot in the Office of the Register of Deeds of Onslow County and shall be prorated on a calendar year basis through the date of such recordation. The annual general assessments and annual limited common assessments shall be assessed for each calendar year thereafter and shall be payable annually, or more frequently, with the due date for such payments and payment frequency, being as established by the Board of Directors.

K. The annual general assessment levied by the Association shall be used exclusively to oversee, inspect, maintain and repair the Stormwater Management Facilities, Sign Easement and Fence Easement areas; to pay any expenses for maintenance and repair of improvements situated upon or under the sanitary sewer (septic system)

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and access easements for which there are insufficient funds available from the limited common assessment funds as required by the Septic System Agreement and Exclusive Easements Agreement for this Subdivision of record in the Onslow County Registry, to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit, the applicable North Carolina Sedimentation and Erosion Control Permit; to pay the expenses of the Association from and after the time, if ever, Declarant transfers the Permit to the Association. The Association's functions shall be to oversee, inspect, maintain and repair the Stormwater Management Facilities, Sign Easement and Fence Easement areas, sanitary sewer (septic system) and access easement areas; to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit, the applicable North Carolina Sedimentation and Erosion Control Permits, and operation and use of facilities and improvements situated in the sanitary sewer (septic system) and access easement areas. The powers of the Association may not be expanded beyond those purposes. Nothing herein relieves the owner of a Lot from said owner's obligation to maintain the areas upon said owner's Lot upon which the Stormwater Management Facilities and sanitary sewer (septic system) and access easements are located as provided herein and not to damage or allow damage to occur to said Stormwater Management Facilities or sanitary sewer (septic system) and access easement areas, and to comply with the provisions of all applicable North Carolina Sedimentation and Erosion Control Permits.

L. 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 specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

M. General special assessments, limited common assessments and specific special assessments may be levied against Lots for such reasons as are provided in this Declaration, the Articles or the Bylaws, and on such terms as provided by the directors and the members. Upon a two-thirds (2/3) vote of the Directors and a two-thirds (2/3) vote of the owners of Lots who are voting in person or by proxy at a meeting duly called for this purpose, the Association may levy and impose special assessments. The purposes for which special assessments may be levied are limited to providing funds to pay for the oversight, inspection, maintenance and repair of the Common Area and improvements thereon, sanitary sewer (septic system) and access easements, and improvements thereon, Stormwater Management Facilities, Sign Easement and Fence Easement areas, if any, to enforce the provisions of this Declaration relating to the Stormwater Management Facilities, the Permit and all applicable North Carolina Sedimentation and Erosion Control Permits, maintenance of the sanitary sewer (septic system) and access easements, Sign Easement and Fence Easement areas which exceed the general assessment funds, and limited common assessment funds, then on hand to pay same and to provide a contingency fund for capital improvements and extraordinary expenses. General special assessments and limited common assessments shall be levied at a uniform rate for all Lots to which such assessments may be charged as set forth in this Declaration. Specific special assessments may be assessed against the owner of a Lot after written notice has been given by the Association to the owner of said Lot at the address of the owner appearing upon the records of the Association by United States mail, postage prepaid, that the Stormwater Management Facilities located on said Lot have been damaged by the act or negligent failure to act of said owner or that said owner has failed to comply with all applicable North Carolina Sedimentation and Erosion Control Permits or failed to maintain or repair the portion of the sanitary sewer (septic system) and access easement area on such owner's Lot and that, as a result, such Stormwater Management Facilities are in need of repair or replacement in order to comply with the Permit or actions must be taken in order to comply with the applicable North Carolina Sedimentation and Erosion Control Permits and the owner of said Lot has not taken the necessary action to bring the Stormwater Management Facilities located on said owner's Lot into

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compliance with the Permit or to comply with the provisions of all applicable North Carolina Sedimentation and Erosion Control Permits within thirty (30) days after the mailing of said notice. If said owner commences the necessary action to repair or replace the Stormwater Management Facilities located on said owner's Lot and to bring the Stormwater Management Facilities into compliance with the Permit or to bring the Lot into compliance with the applicable North Carolina Sedimentation and Erosion Control Permits, or repair the affected portion of the sanitary sewer (septic system) and access easement area, within the thirty (30) day period set forth above, the imposition of a specific special assessment shall be deferred by the Association for the period during which said owner diligently pursues to completion the repair or replacement of the Stormwater Management Facilities located on said Lot or compliance with the applicable North Carolina Sedimentation and Erosion Control Permits, or repair of the sanitary sewer (septic system) and access easement area. Specific special assessments shall be limited to the amount of funds actually expended, or in the discretion of the Board of Directors, the amount of funds reasonably estimated by the Board of Directors will be expended, by the Association to repair or replace the Stormwater Management Facilities located upon the Lot or to comply with the applicable North Carolina Sedimentation and Erosion Control Permit applicable to the Lot or repair the affected portion of the sanitary sewer (septic system) and access easement area on the applicable Lot, upon which the specific special assessment is assessed. Special assessments, either general or specific, and limited common assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and lien on the land and, subject to the provisions set forth in this Declaration, shall be a continuing lien upon the Lot against which each such assessment is made. The personal obligation of an owner of a Lot for delinquent special assessments, whether general or specific, or limited common assessment, shall not pass to a successor in title to a Lot, unless expressly assumed by the successor, but, subject to the provisions of this Declaration, delinquent special assessments shall continue to be a lien upon such Lot.

N. Any annual general assessment, general special assessment, annual limited common assessment, or specific special assessment, if not paid within thirty (30) days after the date such assessment is due, together with interest at the rate of ten percent (10%) per annum, costs of collection, court costs, and reasonable attorneys' fees shall constitute a lien against the Lot upon which such assessment is levied. The Association may record notice of the same in the Office of the Clerk of Superior Court of Onslow County or file a suit to collect such delinquent assessments and charges. The Association may file Notice of Lis Pendens, bring an action at law against the owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Property. The lien of any assessment provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu therefor, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. No owner may waive or otherwise escape liability for the assessments provided for herein.

O. In the event the Articles of Incorporation and/or Bylaws of the Association are amended to expand the rights and duties of the Association, those amendments shall have no effect on the Lots or the Subdivision unless, by recorded amendment to this Declaration, joined in by Declarant.

ARTICLE XX

WETLANDS

It shall be the responsibility of each Owner, prior to alteration of any Lot, to determine if any portion of the Lot shall have been determined to meet the requirements for designation as regulatory "wetlands". Any subsequent fill or alteration of the "wetlands" shall conform to the requirements of the wetlands rules adopted by the State of North Carolina and in force at the time of the proposed alteration. The intent of this restriction is to prevent additional fill or alteration of designated "wetlands", so the property Owner should not assume that a future application for fill or alteration will be approved. The property Owner shall report the name of the subdivision in any application pertaining to "wetlands" rules. These covenants and restrictions are intended to insure the continued compliance with "wetlands" rules adopted by the State of North Carolina, therefore compliance may be enforced by the State of North Carolina or authorized agency or department thereof.

ARTICLE XXI

REMEDIES

In the case of failure of a Lot owner to comply with the terms and provisions contained in this Declaration, the Articles or the Bylaws of the Association, the following relief shall be available:

A. The Declarant (whether or not the Declarant is the owner of any Lot), the Association, any Lot owner and any party to whose benefit this Declaration inures, including but not limited to the State of North Carolina or its assignees with respect to the Permit, may proceed at law and in equity to prevent the violation of any term or provision of this Declaration, the Articles and Bylaws and also recover damages for such violation and the court in any such action may award the successful party said party's reasonable expenses and costs in prosecuting such action, including reasonable attorney's fees.

B. The remedies hereby specified are cumulative and this specification of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law, in equity or under any statute. No delay or failure on the part of the Association, the Declarant or an aggrieved party to invoke an available remedy with respect to a violation of any of this Declaration, the Articles and Bylaws shall be held to be a waiver by that party of (or an estoppel of that party to assert) any right available to that party upon the reoccurrence or continuation of said violation or the occurrence of a different violation.

ARTICLE XXII

COMPLIANCE WITH DEPARTMENT OF TRANSPORTATION TRAFFIC MAINTENANCE STANDARDS

Driveway head walls, fences, mailboxes, newspaper delivery boxes, basketball goals or other roadside obstructions, constructed or placed within the right of way of any street as shown on the recorded plat of the subdivision in a location or out of materials determined to be a traffic safety hazard by the North Carolina Department of Transportation or the Declarant, shall not be permitted. It shall be the duty of the Owner of any Lot to remove such obstruction, at the Owner's sole expense, within thirty (30) days following written notification of such objection by the North Carolina Department of Transportation or Declarant. In the event any Owner fails, or refuses, to remove such obstruction or obstructions within the thirty (30) day period following written notification thereof, the Declarant or the Association shall have the right, but not the duty, to remove the obstruction or obstructions and to charge the Owner the costs thereof which shall be a lien against the Owner's Lot and may be enforced in the same manner as provided in Article XIX (N), above.

ARTICLE XXIII

STREET LIGHTING AGREEMENT

The Declarant reserves the right to subject the real property in this subdivision to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting, and/or entrance sign lighting, either or all of which may require an initial payment and/or a continuing monthly payment to an electric company by the owner of each dwelling.

ARTICLE XXIV

ANNEXATION OF ADDITIONAL PROPERTY INTO DEVELOPMENT AREA

The Declarant, for itself and its successors and assigns, hereby expressly reserves the right, but shall in no way be obligated, to expand the real property which is subject to this Declaration without the consent or joinder of any Owner or Owners of any Lot or Lots or person or entities having a lien or security interest in such Lot or Lots, by annexing, from time to time all or any portion of the tract of land known as the Development Area and being more particularly described on Exhibit A, attached hereto and incorporated herein by reference as if fully set forth.

The Declarant may also identify and annex to the Development Area by amendment hereto any other property as Declarant in its sole discretion may determine.

An amendment to this Declaration shall be made and recorded in the office of the Register of Deeds of Onslow County, North Carolina, to include each portion of the real property which is to be subject to this Declaration, and each such portion of the real property shall constitute an addition to the Subdivision. The right of the Declarant, or its successors and assigns, to expand the Subdivision as herein provided shall expire fifteen (15) years following the date of recordation of this Declaration.

ARTICLE XXV

SUPPLEMENTAL DECLARATION(S)

The Declarant shall have the right, from time to time, to record Supplemental Declarations for a Parcel or Parcels of the Development Area which may designate specific use and other restrictions within said Parcel, may create Common Areas within such Parcel for the use of all owners in the Subdivision, as may be expanded, and may create a separate owners association exclusively for such Parcel; and may exercise all rights reserved in Article XVII, supra, provided however, no Supplemental Declaration shall avoid membership in the Association by Owners of Lots in said Parcel, nor shall any Supplemental Declaration modify or amend the terms of this Declaration or any prior Supplemental Declaration for another Parcel, without the required consent of Owners of all Parcels constituting the then existing Project.

ARTICLE XXVI

ENFORCEMENT

Enforcement shall be by proceedings at law or in equity against any person or person violating or attempting to violate any covenant, either to restrain violations or to recover damages. In the event any proceeding is commenced to enforce the provisions of this Declaration, the non-prevailing party shall be obligated to pay, in addition to any monetary damages or other award granted by the court, the expenses and costs of such proceeding, including reasonable attorneys' fees of the prevailing party.

ARTICLE XXVII
MODIFICATION

These restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole, or as to any subdivided lot or part thereof, by written document executed by the Declarant or its successors in title and by the owners of not less than sixty seven percent (67%) of the subdivided lots or parts of said subdivision to which these restrictions apply, and recorded in the Office of the Register of Deeds of Onslow County, North Carolina. If the Declarant owns sixty seven (67%) percent or more of the subdivided lots, the Declarant may alter or amend these covenants without the consent of any other owner.

ARTICLE XXVIII
TERM

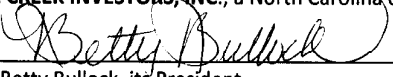
The covenants, easements and restrictions set forth in this Declaration are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded, after which such time said Declaration shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to change this Declaration, in whole or in part, with the exception of Article XVI.

ARTICLE XXIX
SEVERABILITY

Invalidation of anyone of these covenants by judgment or Court Order shall in no way affect any of the other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed by its President, with authority duly given by its board of directors, the day and year first above written.

BEAVER CREEK INVESTORS, INC., a North Carolina corporation,

By: 
Betty Bullock, its President

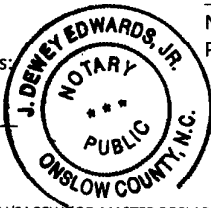
STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

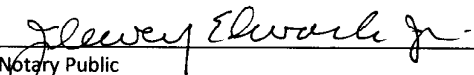
The undersigned, a Notary Public in and for said County and State, does hereby certify that BETTY BULLOCK, known to me or having provided satisfactory proof of her identity, personally came before me this day and acknowledged that she is a President of BEAVER CREEK INVESTORS, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, she executed the foregoing instrument on behalf of the corporation in the capacity indicated.

Witness my hand and official stamp or seal, this 27th day of June, 2012.

My Commission Expires:

JULY 9, 2016




Notary Public

Printed Name: J. DEWEY EDWARDS, JR.

Exhibit "A"
Development Area

Situated in Swansboro Township, Onslow County, North Carolina and being more particularly described as follows:

Being all that 131.82 acre tract of land as shown on a map entitled, "Boundary Survey Showing Individual Tract on NCSR 1501", dated November 8, 2010, and recorded in Map Book 61, Page 171, Slide M-1965, in the Office of the Register of Deeds of Onslow County, North Carolina, reference to which map is hereby made for a more specific description.

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Doc ID: 009889560014 Type: CRP
 Recorded: 07/13/2012 at 09:35:08 AM
 Fee Amt: \$26.00 Page 1 of 14
 Onslow County, NC
 Rebecca L. Pollard Reg. of Deeds

BK 3812 PG 20-33

BY-LAWS

OF

SAGEWOOD HOA, INC.,

A NON-PROFIT CORPORATION

ARTICLE I.

PURPOSE, APPLICABILITY AND OFFICES

Section 1. Purpose. This Corporation (hereinafter referred to as the "Association") has been organized for the following purposes: 1) to oversee, inspect, maintain, repair and replace the Stormwater Management Facilities constructed pursuant to the stormwater permit issued by the North Carolina Department of Environment and Natural Resources, Division of Water Quality (the "Permit"); (2) to enforce the provisions of the Permit; (3) to enforce each Lot owner's obligations with respect to the Stormwater Management Facilities pursuant to the Master Declaration of Restrictive and Protective Covenants for the SAGEWOOD subdivision (as shown on any plat recorded in the Onslow County Registry) recorded in Book 3804, Page 11, Onslow County Registry, as amended (the "Declaration"); (4) to enforce each Lot owner's obligations with respect to all applicable North Carolina Sedimentation and Erosion Control Permits; said authority to be exercised, if and only if, and when and only when, the Permit is transferred to the Association; (5) to inspect, maintain, repair and replace any improvements constructed or located upon or under the septic system easements; (6) to inspect, maintain, repair and replace any improvements constructed or located upon the Common Area; (7) to establish rules and regulations concerning the use and enjoyment of the facilities situated in the Common Area; (8) to inspect, maintain, repair and replace signs and landscaping located within any Sign Easement in the SAGEWOOD subdivision; (9) to inspect, maintain, repair and replace fences located within any Fence Easement in the SAGEWOOD subdivision, and (10) to maintain the Lots upon which dwellings have been constructed in a clean and sightly condition, including, but not limited to, the right and easement to mow, or have mowed, the grassed areas of all Lots to a height consistent with the height of other Lots constituting portions of the SAGEWOOD subdivision.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to the subdivision known and designated as "SAGEWOOD" on the records of the Register of Deeds of Onslow County, North Carolina, and to the use and occupancy thereof. All present and future Owners, Mortgagees, lessees and occupants of Lots and their employees,

invitees, licensees and guests, and any other persons who may use or occupy the facilities of the Association in any manner, are subject to the Declaration, these Bylaws and any rules and regulations made pursuant hereto and any amendment to these Bylaws upon the same being passed. The acceptance of a deed of conveyance or the entering into a lease or the act of occupancy of a Lot shall constitute an agreement that these Bylaws (and any rules and regulations made pursuant hereto) and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

Section 3. Principal Office. The principal office of the Corporation shall be initially located at 405 Johnson Boulevard, Jacksonville, Onslow County, North Carolina.

Section 4. Registered Office. The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office. The initial registered office of the Corporation shall be 405 Johnson Boulevard, Jacksonville, North Carolina 28540.

Section 5. Definitions. All terms as defined in the Declaration or Chapter 47F of the North Carolina General Statutes shall have the same meaning herein, except when the context otherwise specifies or requires.

ARTICLE II.

LOT OWNERS/MEMBERS

Section 1. Membership. Each Lot Owner shall be a member of the Association and no other person or entity shall be entitled to membership.

Section 2. Place of Meetings. All meetings of the members shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, as shall be designated on the notice of the meeting or agreed upon by a majority of the Lot Owners entitled to vote thereat.

Section 3. Annual Meetings. The annual meeting of the members shall be held at 10:00 a.m. on the 3rd Saturday in September of each year for the purpose of electing directors of the Association and for the transaction of such other business as may be properly brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held at the same time on the next succeeding business day.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the Board of Directors or at least ten percent (10.0%) of the members of the Association.

Section 5. Notice of Meetings. Written or printed notice stating the time and place of the meetings shall be delivered not less than twenty (20) nor more than sixty (60) days before the date of any members' meeting, either personally or by mail, by or at the direction of the President or Secretary to each member entitled to vote at such meeting.

In case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.

Section 6. Quorum. The presence in person or by proxy at any meeting of the members having **ten percent (10.0%)** of the total votes shall constitute a quorum. If there is no quorum at the opening of the meeting of members, such meeting may be adjourned from time to time by the unanimous vote of the members present, either in person or

by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting.

The members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 7. Voting Rights. Each Lot Owner/Member shall have one (1) vote for each Lot owned. When more than one person or entity holds an interest in a Lot as an Owner, or when a lot is owned by a corporation, partnership or other form of joint venture, a Certificate of Voting in a form established by the Association shall be filed by such Owner, designating the person who shall be entitled to cast the vote with respect to such Lot; provided however, no Certificate of Voting shall be required when a Lot is owned solely by a husband and wife as tenants by the entirety and a vote cast by either the husband or wife, in person or by proxy, shall be binding upon the other unless a contrary vote is timely received by the Association, in which event neither vote shall be counted. A Certificate of Voting shall be valid until such time as the Association receives either a subsequent Certificate of Voting, a written revocation of the Certificate of Voting is filed with the Association, or by a change in the ownership of the Lot concerned. If no Certificate of Voting is properly filed with the Association with respect to a Lot which requires such Certificate, no vote shall be allowed with respect to said Lot until such time as a Certificate of Voting is properly filed with the Association. In no event shall any fractional vote be counted or more than one vote be cast with respect to any one (1) Lot.

Section 8. Waiver of Notice. Any member may, at any time, waive notice of any meeting of the members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the members shall constitute a waiver of notice by him/her of the time and place thereof, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 9. Informal Action by Members. Action may be taken by Members with the requisite percentage of votes without a meeting if written consent to the action in question is signed by all Members entitled to vote and filed with the minutes of the proceedings of the Association, whether done before or after the action is taken.

Section 10. Order of Business. The order of business at the annual meeting of Members shall be as follows:

1. Roll Call
2. Proof of Notice of Meeting or Waiver of Notice
3. Reading of minutes of preceding annual and special meetings.
4. Reports of Officers
5. Reports of Committees
6. Election of Directors
7. Unfinished Business
8. New Business

ARTICLE III.

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by its Board of Directors. The directors may adopt such rules and regulations for the conduct of their meetings and management of the Association, as they may deem proper, not inconsistent with the Articles of Incorporation, these By-laws and the laws of this State.

Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep, repair, maintenance and replacement of the Common Areas, and facilities and payments therefor.

(b) Determination of the Common Expenses required for the affairs of the Association, including without limitation, the operation and maintenance of the Common Areas and facilities.

(c) To make, levy and collect assessments against members and members' Lots to defray the costs and common expenses of the Association, as provided for in Article XIX of the Declaration which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(d) Employment and dismissal of the personnel necessary for the maintenance, repair and replacement of the Common Areas and facilities.

(e) The adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the Common Area and for the health, comfort, safety and general welfare of the Members, guests and occupants of the common area. Written notice of such rules and regulations shall be given to all Members and occupants and the entire Common Area shall at all times be maintained subject to such rules and regulations.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Maintaining and repairing any Lot, if such maintenance or repair is required by the Declaration or is necessary in the discretion of the Board to protect the Common Area, or any other Lot, or if the Lot Owner of such Lot has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair is delivered or mailed by the Board to said Lot Owner, provided that the Board shall levy a special assessment against said Lot Owner for the cost of said maintenance or repair.

(h) Entering any Lot when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Lot Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense; and entering any Lot for the purpose of correcting or abating any condition or situation deemed by the Board of Directors to be an emergency.

(i) Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence

of such determination by the Board, such documents shall be signed by either the Secretary, Treasurer, Assistant Secretary, or the Assistant Treasurer of the Association, and countersigned by the President or Vice-President.

(j) Obtaining insurance for the Common Area and any improvements thereon as deemed necessary by the Board of Directors.

(k) Making of repairs, additions, and improvements to or alterations or restorations of the Common Area in accordance with the other provisions of these Bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of a condemnation or eminent domain proceeding.

(l) Engaging the services of any person, firm or corporation to act as managing agent of the Association at a compensation established by the Board, to perform all of the powers and duties of the Association, except those which may be required by the Declaration or the North Carolina Non-Profit Corporation Act to have approval of the Board of Directors or the Members, provided, however, the term of any such agreement with a managing agent shall not exceed one (1) year initially, shall only be renewable by agreement of the parties for successive one (1) year periods and shall be terminable by the Association with or without cause upon thirty (30) days prior written notice to the manager and without payment of a termination fee.

(m) To enforce by any legal means or proceeding the provisions of the Articles of Incorporation of the Association, these Bylaws, the Declaration or the rules and regulations hereinafter promulgated governing use of the Common Area by means of litigation or otherwise.

(n) To pay all taxes and assessments which are or may become liens against any part of the Common Area other than the Lots, and to assess the same against the Members in the manner herein provided.

(o) To adopt a seal for the Association.

(p) Hiring attorneys and other professionals.

(q) Any other powers and duties reserved to the Board of Directors in the Declaration, the Articles of Incorporation or these Bylaws.

Any action of the Association or its Board of Directors or officers, including matters involving investments of the Association, shall require the approval of a majority of the directors.

Section 2. Number, Term and Qualifications. The number of directors constituting the Board of Directors shall be three (3). The initial Board of Directors shall be Betty Bullock, and two (2) other persons designated by her. Subsequent members of the Board of Directors shall be elected at the annual meeting of the Association. The term of service for each director shall be one (1) year. Each director shall hold office until his/her death, resignation, retirement, removal, disqualification, or his/her successor shall have been elected and qualified.

Section 3. Election of Directors and Compensation. The directors shall be elected at the annual meeting of Members. The Board of Directors shall receive no compensation for their services unless expressly allowed by the affirmative vote of seventy-five percent (75.0%) of the Members.

Section 4. Resignation and Removal. A director may resign at any time by giving written notice to the Board, the President or the Secretary of the Association. The acceptance of the resignation shall not be necessary to make it

effective. A director may be removed from office with or without cause by the affirmative vote of the Members having sixty percent (60.0%) of the total votes entitled to vote at an election of directors. If any directors are so removed, new directors may be elected at the same meeting to serve the balance of the term of the director(s) removed.

Section 5. Quorum. At any meeting of the directors a majority of the directors shall be required to constitute a quorum for the transaction of business.

ARTICLE IV.

MEETING OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the Members. In addition, the Board of Directors may provide, by resolutions, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any director. Such a meeting may be held either within or without the State of North Carolina as fixed by the person or persons calling the meeting.

Section 3. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the Board of Directors in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4. Manner of Acting and Quorum. Except as otherwise provided in these Bylaws, the Articles of Incorporation or the laws of the State of North Carolina, the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A majority of the number of directors fixed by these Bylaws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5. Minutes. The Board shall keep minutes of its proceedings.

Section 6. Fidelity Bonds. In the event the Board determines it to be in the best interest of the Association to procure a fidelity bond or bonds for its officers, employees, agents or independent contractors handling or responsible for funds of the Association, the premium for such bond or bonds shall be deemed a Common Expense.

Section 7. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Members for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Members shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws.

It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Lot Owner(s). It is also

intended that the liability of any Lot Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Lots of Subdivision bears to the interests of all the Members in the Lots of the Subdivision. Every agreement made by the Board on behalf of the Association shall provide that the members of the Board, or the managing agent, as the case may be, are acting only as agents for the Members and shall have no personal liability thereunder (except as Members), and that each Lot Owner's liability thereunder shall be limited to such proportion of the total liability as his interest in the Lots of the Subdivision bears to the interest of all Members in the Lots of the Subdivision.

Section 8. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action is taken.

ARTICLE V.

OFFICERS

Section 1. Officers of the Corporation. The officers of the Corporation shall be a President, Vice-President, Secretary and Treasurer each of whom shall be elected by the director(s). The offices of Secretary and Treasurer may be combined at the election of the Board of Directors. Assistants for the offices of Secretary and Treasurer may be elected or appointed by the Board of Directors. An individual may hold more than one office, provided that no individual shall hold the office of President and Secretary at the same time.

Section 2. Election and Term. The officers of the Corporation shall be elected by the Board of Directors annually immediately following the annual meeting of the Members and each officer shall hold office until his death, resignation, retirement, removal, disqualification or his successor shall have been elected and qualified.

Section 3. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such, unless otherwise unanimously approved by the Members.

Section 4. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5. President. The President shall be the Chairman of the Board of Directors and the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. (S)he shall, when present, preside at all meetings of the Members. (S)he shall sign, with the Secretary, or other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these by-laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President, unless otherwise determined by the Board of Directors, 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. The Vice President may sign, with the Secretary, certificates for shares of the Corporation; and shall perform such other duties as from time to time may be assigned to him/her by the President or Board of Directors.

Section 7. Secretary. The Secretary shall (a) keep the minutes of the meetings of the Members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by each Member; (e) keep or cause to be kept in the State of North Carolina at the Association's registered office or principal place of business, a record of the Association's Members, giving the names and addresses of all Members; and (f) in general perform all duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such depositories as shall be selected by the Board of Directors; (b) prepare, or cause to be prepared, a true statement of the Association's assets and liabilities of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Association's registered office or principal place of business in the State of North Carolina within four (4) months after the end of such fiscal year and thereat kept available for inspection by all Members for a period of at least five (5) years; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these by-laws.

ARTICLE VI.

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of the Common Charges. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, determine the amount of the common charges payable by the Members to meet the common expenses of the Association, and allocate and assess such common charges among the Members as set forth in the Declaration. The common expenses shall include, among other things, the cost of all insurance premiums for all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the provisions of these Bylaws or the Declaration. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Common Areas, compliance with the Stormwater Permit, Sedimentation and Erosion Control Permit, and any Sign Easement, or Fence Easement, including the landscaping thereof, including without limitation, an amount for working capital of the Common Areas, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior

year. The limited common expenses shall include all amounts expended by the Association for the maintenance, repair, restoration and replacement of the force main/supply lines for wastewater treatment systems situated within the sanitary sewer and access easements dedicated for such purpose for Lots in the subdivision with off-site septic systems. The Board of Directors shall advise all Members, promptly in writing, of the amount of common expenses and limited common expenses payable by each of them, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such common expenses and limited common expenses are based upon request, to any Member.

Section 2. Limitation on Increased Common Charges or Limited Common Charges. Should the Board of Directors determine that the estimated aggregate amount of the common expenses and limited common expenses to be assessed for any fixed year requires aggregate common charges payable by the Members which exceed fifteen (15.0%) of those levied in the preceding fiscal year, the proposed budget requiring such increased charges shall be submitted to the Members for approval at the annual meeting or a Special Meeting called for such purpose. If, at such meeting, two-thirds (2/3) of the votes cast approve such budget, the charges shall be made in accordance with such proposed budget. If the proposed budget is not approved by two-thirds (2/3) of the votes cast at such meeting, the Board of Directors shall make reductions in the proposed budget until either (a) the proposed budget is approved by two-thirds (2/3) of the votes cast in a meeting called for such purpose or (b) the required increased charges do not exceed 15.0% of that levied in the preceding year.

Section 3. Payment of Common Charges and Limited Common Charges. All Members shall be obligated to pay the common expenses, and all Members who are owners of Lots with off-site septic systems shall be obligated to pay limited common expenses, assessed by the Board of Directors pursuant to the provisions of Article XIX of the Declaration and Section 1 of this Article VI at such time or times as the Board shall determine.

No Lot Owner shall be liable for the payment of any part of the common expenses or limited common expenses assessed against his/her Lot subsequent to a sale, transfer or other conveyance by him/her (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Lot. Except for a mortgagee or other transferee in foreclosure proceedings (or proceedings in lieu of foreclosure), a purchaser of a Lot shall be jointly and severally liable with the seller for the payment of common expenses assessed against such Lot prior to the acquisition by the purchase of such Lot without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser therefor. Provided that a mortgagee or other purchaser of a Lot at a foreclosure sale of such Lot shall not be liable for the payment of common expenses or limited common expenses assessed prior to the foreclosure sale. Such unpaid common expenses and/or limited common expenses shall be deemed to be common expenses collectible from all of the Members including such purchaser, his successors and assigns.

Section 4. Collection of Assessments. The Board of Directors shall assess common expenses and limited common expenses against the Members from time to time and at least yearly and shall take prompt action to collect any common expenses or limited common expenses which remain unpaid for more than thirty (30) days from the due date for payment thereof.

The Board of Directors may notify the holder of the first mortgagee on any Lot (of which it has notice) for which any common expenses or limited common expenses assessed pursuant to these Bylaws remain unpaid for more than thirty (30) days from the due date for payment thereof and in any other case where the Lot Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 5. Default in Payment of Common Expenses or Limited Common Expenses. In the event of default by a Lot Owner in paying to the Board of Directors the common expenses or limited common expenses as determined by the Board, such Lot Owner shall be obligated to pay interest on such common expenses and limited common expenses from the due date thereof at the legal rate of interest; together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Board in any proceedings brought to collect such unpaid common expenses or limited common expenses. The Board shall have the right and duty to attempt to recover such common expenses and limited common expenses, together with interest thereon, and the expenses of the proceedings, including reasonable attorney's fees (if permitted by law), in an action to recover a money judgement for the same brought against such Lot Owner, or by foreclosure of the lien on such Lot in like manner as a deed of trust or mortgage of real property. The Board of Directors shall also have the right to impose uniform late payment charges for delinquent common expense payments and limited common expense payments, which charges shall also be recoverable by the proceedings specified above.

Section 6. Lien and Personal Obligation. All common expenses and limited common expenses provided for in this Article, together with the interest and expenses, including reasonable attorney's fees (if permitted by law), as provided for herein, shall be a charge and continuing lien upon the Lot against which the assessment is made, which such lien shall be prior to all other liens excepting only (i) tax liens on the Lot in favor of any governmental assessing authority and (ii) all sums unpaid on a first mortgage of record. Such lien shall become effective when a notice thereof has been filed in the Office of the Clerk of the Superior Court of Onslow County, North Carolina, provided such notice of lien shall not be filed until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due and any prior notice has been delivered to the Member in accordance with applicable law. Such notice of lien shall also secure all assessments against the Lot becoming due thereafter until the lien has been satisfied. In addition, each Lot Owner shall be personally liable for any assessment against his Lot. No Lot Owner may exempt himself from such liability by non-use or enjoyment of any portion of the Common Areas and facilities or by the abandonment or sale of his Lot.

Section 7. Foreclosure of Liens for Unpaid Common Expenses or Limited Common Expenses. In any action brought by the Board to foreclose on a Lot because of unpaid common expenses and/or limited common expenses, the Lot Owner shall be required to pay a reasonable rental for the use of his Lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board, acting on behalf of all Members, or on behalf of any one or more individual Members if so instructed, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the vote appurtenant to, convey or otherwise deal with the same subject, however, to applicable restrictions of record. A suit to recover a money judgement for unpaid common expenses or limited common expenses shall be maintainable without foreclosure or waiving the lien securing the same.

In the event the mortgagee or other purchaser (other than the Association) purchases and takes title to a Lot pursuant to foreclosure, or proceedings held in lieu of foreclosure by the mortgagee, with respect to the first mortgage on such Lot, such purchaser, his successors and assigns, shall not be liable for the share of the assessment for common expenses or limited common expenses of the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such purchaser. However, such unpaid share of common expenses or limited common expenses shall be deemed a common expense collectible from all Members pro-rata, their heirs, successors and assigns.

Section 8. Statement of Common Charges. The Board of Directors shall promptly provide any Lot Owner, so requesting the same in writing, with a written statement of all unpaid common expenses and limited common expenses due from such Lot Owner.

Section 9. Abatement and Enjoinment of Violation by Members. The violation of any rule or regulation adopted by the Board or the breach of any Bylaws contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Lot in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; and/or (b) to enjoin, abate or remedy by appropriate legal proceedings, either by law or in equity, the continuance of any such breach at the expense of the defaulting Lot Owner.

Section 10. Maintenance and Repair. (a) All maintenance, repair and replacement to any Lot, whether ordinary or extraordinary (other than maintenance of and repairs to any common areas and facilities contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Lot), shall be made by the Lot Owner of such Lot. Each Lot Owner shall be responsible for all damages to any and all other Lots and/or to the common areas and facilities caused by his failure to properly maintain, repair and make replacements to his Lot. (b) All maintenance, repairs and replacements to the common areas and facilities (unless necessitated by the negligence, misuse or neglect of a Lot Owner, in which case such expenses shall be charge to and paid by such Lot Owner), shall be made by the Board and charged to all the Members as a common expense; provided, however there is excluded from the provisions contained in this section any repairs necessitated by casualty insured against by the Board of Directors to the extent the Board receives insurance proceeds for such repairs.

Section 11. Additions, Alterations or Improvements by Members. No Lot Owner shall make any structural addition, alteration, or improvement in or to his Lot, or any change in the exterior appearance thereof, without the prior written consent of the Board of Directors. The Board shall have the obligation to answer any such written request by a Lot Owner within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration, improvement or change.

Section 12. Use of Common Areas and Facilities. No Lot Owner shall interfere with the use of the common areas and facilities by the remaining Lot Owners, their tenants, immediate family (to include parents, spouse, children

and grandchildren), invitees, licensees and guests. Each Lot Owner shall be responsible for the activities of his family, invitees, licensees and guests with respect to the use of the common areas and facilities.

Section 13. Right of Access. Each Lot Owner shall grant a right of access to his Lot to the managing agent and/or any other person authorized by the Board of Directors or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Lot and threatening another Lot or the common areas and facilities, or for the purpose of performing installation, alterations or repairs to the mechanical or electrical equipment or other common areas and facilities in or adjoining his Lot; provided, however, such requests for entry (except in the case of emergencies where no request shall be required) are made in advance and where and any such entry is at a time reasonably convenient to the Lot Owner. In the case of an emergency, such right of entry shall be immediate whether the Lot Owner is present at the time or not.

Section 14. Rules of Conduct. Rules and regulations concerning the use of the Lots and the common area and facilities may be promulgated and amended by the Board with the approval Initially of the Declarant, and upon the transfer of control of the Association to the Owners, of the Members owning in the aggregate at least fifty one percent (51.0%) of the Lots of the SAGEWOOD subdivision. Each Lot Owner and tenant of a Lot Owner shall be responsible for enforcing such rules and regulations as such may apply to his family, invitees, licensees, tenants and guests.

Section 15. Utilities. Any utilities (including water, sewer, electricity and natural gas) which may be provided to the SAGEWOOD subdivision through a single or common meter or facility and utilities furnished to any portion of the SAGEWOOD subdivision shall be paid pro rata by each Lot Owner as and when billed or, at the option of the Board, such may be paid by the Board as a common expense.

ARTICLE VII.

RECORDS AND AUDITS

The Board of Directors shall keep detailed records of the actions of the Board, minutes of the meetings of the Board of Directors, minutes of the meetings of the Members, and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account of each Lot which, among other things, shall contain the amount of each assessment of the common expenses and limited common expense against each Lot, the date when due, the amounts paid thereof, and the balance remaining. The financial records and the books of account shall be available for examination by all Members, their mortgagees and their duly authorized agents or attorneys at convenient hours. A written report summarizing all receipt and expenditures of the Association shall be rendered by the Board to all Members, and to all mortgagees of the Lots who have requested the same, within ninety (90) days following the end of each fiscal year.

ARTICLE VIII.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

The Association shall indemnify any director or officer of former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorney's fees) or liabilities actually or reasonably incurred by

him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civile or criminal) in which he is made a party or was (or is threatened to be made a party) by reason of being or having been such director (governor) or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members of disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office, and shall continue as to a person who has ceased to be an administrator, officer, employee, or agent and shall inure to the benefit of the heirs, executors and Directors of such persons.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article VIII, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE IX.

CONTINGENCY RESERVE

Separate contingency reserves shall be maintained by the Association at all times to provide for working capital improvements or major repairs respecting the common area and limited common area. The minimum amount to be maintained as a contingency reserve for the common area and limited common area shall be set by the Board of Directors at the organizational meeting of the Association. To the extent the contingency reserve for the common area and/or limited common area is depleted below the required minimum, it shall be incumbent upon and the duty of the Board of Directors to increase the assessment of common expenses and/or limited common expenses against the Lots to the extent necessary to replenish the respective contingency reserves to the minimum amount required within a maximum period of one full fiscal year after the year in which the contingency reserve is depleted below such minimum.

ARTICLE X.**ARBITRATION**

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgment upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the Director(s), one by the Lot Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him or them. If the Director(s) or the Lot Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator appointed by both parties for that purpose, and his award in writing signed by him shall be final. The rules of procedure for the arbitration hearing may be adopted by the arbitrators. All arbitration proceedings hereunder shall be conducted in the City of Jacksonville, North Carolina.

ARTICLE XI.**AMENDMENT**

These Bylaws may be amended by a vote of sixty-six and sixty-six one hundredths percent (66.66%) of the votes cast in person or by proxy, at a meeting duly held in accordance with the provisions of the Bylaws. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon. All which such proposed amendment is to be voted upon. All Members shall be bound to abide by any such amendment upon the same being passed.

The foregoing were adopted as the Bylaws of the SAGEWOOD HOA, INC., a non-profit corporation under the laws of the State of North Carolina at the organizational meeting of the Association on the 1st day of June, 2012.

SAGEWOOD HOA, INC.,

By: Betty Bullock

Betty Bullock - Vice-President

STATE OF NORTH CAROLINA
COUNTY OF ONSLOW

The undersigned, a Notary Public in and for said County and State, does hereby certify that, Betty Bullock personally came before me this day and acknowledged that she is Vice-President of SAGEWOOD HOA, INC., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by her as its President.

Witness my hand and official stamp or seal, this 11th day of July, 2012

J. Dewey Edwards, Jr.
Notary Public

My Commission Expires: July 9, 2016

