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Summerhouse on Everett Bay

DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES, AND LIENS FOR SUMMERHOUSE ON
EVERETT BAY

6-16-06
FINAL

NOTE: THIS DECLARATION CONTAINS BINDING, IRREVOCABLE AGREEMENT TO ARBITRATE AND IS SUBJECT TO ARBITRATION PURSUANT TO THE STATE CODE STATUTE OR UNIFORM ARBITRATION ACT THAT IS APPLICABLE REGARDING BINDING ARBITRATION.

DECLARATION OF PROTECTIVE COVENANTS RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR SUMMERHOUSE ON EVERETT BAY

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS, THE FLAG OF THE UNITED STATES OF AMERICA AND THE STATE OF NORTH CAROLINA.

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STATE OF NORTH CAROLINA)
)
COUNTY OF ONSLOW) DECLARATION OF PROTECTIVE
) COVENANTS, RESTRICTIONS, EASEMENTS,
) CHARGES AND LIENS FOR
) SUMMERHOUSE ON EVERETT BAY

THIS DECLARATION made by **R.A. NORTH DEVELOPMENT I, Inc.**, a North Carolina corporation, hereinafter referred to as the "Declarant":

W I T N E S S E T H :

WHEREAS, the Declarant is the owner of the real property more particularly described below, and desires to develop thereon a residential subdivision (hereinafter, together with any property added thereto, called "the Subdivision"); and

WHEREAS, the Declarant, in its discretion, may incorporate any additional real property as additional phases of the Subdivision and bring same under this Declaration but shall be under no obligation to do so; and

WHEREAS, the Declarant desires to maintain design criteria, location and construction specifications, and other controls to assure the integrity of the Subdivision; and

WHEREAS, each owner of a Lot in the Subdivision will be required to maintain and construct homes in accordance with the design criteria herein contained; and,

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in the Subdivision and for the maintenance of common areas and facilities, if any, and to this end, desires to subject the real property described in Exhibit "A" to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and,

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Subdivision, to create an association to which will be delegated and assigned the powers of maintaining and administering the Subdivision (as defined hereinafter), promulgating rules and regulations for the usage of common areas in accordance with this Declaration, administering and enforcing the covenants and restrictions and levying, collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, the Declarant has caused to be incorporated under the laws of the State of North Carolina, a not-for-profit corporation to be known as Summerhouse on Everett Bay Homeowners Association, Inc. for the purpose of exercising the aforesaid functions,

NOW THEREFORE, the Declarant declares that the real property described in Exhibit "A", annexed hereto and forming a part hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the North Carolina Planned Community Act codified in Chapter 47F of the North Carolina General Statutes and subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I

Definitions

Section 1. The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Additional Property" shall mean and refer to additional real estate that the Declarant, in its discretion, may incorporate as additional phases of the Subdivision and bring same under this Declaration but shall be under no obligation to do so.

(b) "Annual Assessments" or "Assessments" shall mean an equal assessment established by the Board of Directors for common expenses as provided for herein or by a subsequent amendment which shall be used for the purpose of promoting the recreation, common benefit and enjoyment of the Owners and occupants of all Lots and the operation, maintenance and repair of the Common Area.

(c) "Architectural Review Committee " or "ARC" shall mean and refer to the Architectural Review Committee established under Article VIII hereof.

(d) "Association" shall mean and refer to Summerhouse on Everett Bay Homeowners Association, Inc., its successors and assigns, a not-for-profit North Carolina Corporation.

(e) "Common Area and/or Open Space " shall mean and refer to all common area and those areas of land, including the facilities to be constructed thereon, if any, shown and specifically designated as such on any subdivision map of the Subdivision (as hereafter defined) filed by Declarant or by any other means so designated by Declarant. The Common Area shall be all areas not included in one of the 1,029 proposed lots. Common Area and or Open Space will be under control of the Homeowners Association. Such areas are intended to be devoted to the common use and enjoyment of the members of the Association as herein defined, and are not dedicated for use by the general public. However, no general plan or plat of the Subdivision showing additional property or adjoining areas which may later be developed as additional phases of the Subdivision shall cause such areas to be included as Common Area nor shall the Association or any Owner be entitled to any right, title or interest therein unless and until such adjoining areas shall have been formally included as a part of the Subdivision by the Declarant pursuant to the terms hereinafter contained. Subject to the provisions of Article VI hereof, existing and future streets, roads and right-of-ways, alleys, open spaces, private lanes, greenways, median strips, cul-de-sac centers, planting areas, street trees, clubhouse facility, swimming pool, tennis courts, playground and miscellaneous recreational areas, parks, entrance walls, electronic entry gate and signage, mail box facilities, gate house, ponds, lakes, retaining walls, bulkheads, walks, sidewalks, boardwalks, estuary areas, walking trails, boat storage and a small vessel launch, a viewing dock and 10 day slips,

all (subject to regulatory approval), and any other areas, facilities if any, or improvements so designated specifically in writing or designated as "Common Area and/or Open Space" on the plats of the Subdivision referred to in Exhibit "A" hereto and any further phases of the Subdivision, shall become Common Area upon conveyance by Declarant to the Association.

Provided however, the recording and reference to said plat shall not in and of itself be construed as creating any dedications, rights or easements (negative reciprocal or otherwise), all such dedications, rights and/or easements being made only specifically by this Declaration, any amendment or supplement hereto or any deed of conveyance from Declarant, its successors or assigns.

(f)"Declarant" shall mean and refer to R.A. North Development I, Inc., a North Carolina corporation, its successors and/or assigns.

(g)"Declaration" shall mean and refer to this Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Summerhouse on Everett Bay, as it may be amended from time to time.

(h)"Dwelling" shall mean and refer to the completed single family home located upon a Lot.

(i)"Governing Documents" shall mean and refer to the Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, the Architectural Guidelines ("Guidelines") the Application for Preliminary Architectural Review, the Application for Final Architectural Review, Summerhouse on Everett Bay Guidelines Pattern Book, Summerhouse on Everett Bay Approved Plant List and the Rules and Regulations of the Association.

(j)"Lot" shall mean and refer to any lot of land intended for residential use, with delineated boundary lines appearing on any recorded subdivision map of the Subdivision with the exception of any Common Area shown on any plat of the Subdivision. In the event any Lot is increased in size by subdivision or combination, the same shall nevertheless be and remain a Lot for the purposes of this Declaration. This definition shall not imply, however, that a Lot may be subdivided if prohibited elsewhere in this Declaration.

(k)"Member" shall mean and refer to an Owner who is a member of the Association as provided in Article V hereof.

(l)"Owner " shall mean and refer to the record owner, whether one or more persons or entities, of the fee-simple title to any Lot(s) later developed, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors and assigns of any Owner. The Declarant shall not be deemed an Owner.

(m)"Setback " shall mean an area along the boundary of a Lot where no building or other structures including, without limitation, swimming pools, fences, patios or decks shall be

permitted, without the express written permission of Declarant.

(n)"Single Family Area" shall mean and refer to any portion of the Subdivision designated as such by the Declarant in which Lots are for single family residential use.

(o)"Subdivision " shall mean and refer to all property including Lots, Common Area and/or Open Space as are subject to this Declaration, and which are described in Exhibit "A" together with any additional phases that may be developed and specifically submitted to the provisions of this Declaration pursuant hereto.

(p)"Subsequent Amendment" or "Supplemental Declaration " shall mean an amendment to this Declaration which adds property to this Declaration and makes it subject to the Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Subsequent Amendment to the provisions of the Declaration.

(q)"Waterfront Lot" shall mean those Lots whose boundary lies on the Intracoastal Waterway or any lot whose boundary lies on Common Area that contains a body of water.

(r) "Turnover Date" shall have the meaning as set forth in Article V hereof.

(s) "Wastewater Facilities" shall mean the wastewater collection system, a wastewater treatment plant and a wastewater disposal system which shall be used for the collection, treatment and disposal of the wastewater from the Subdivision including any future phases. The Wastewater Facilities include but are not limited to collection lines, mains, wastewater treatment plant, pumps, controls, electrical equipment, the upset basin, the infiltration basins, services and connections, existing or proposed for the Subdivision.

ARTICLE II

Uses of Property

Section 1. Conformity and Approval of Structures. No structure, fence, sidewalk, wall, swimming pool or other improvement shall be placed or altered on any Lot except in accordance with the provisions of this Declaration.

Section 2. Subdivision of Lot. No Lot shall be subdivided except as hereinafter provided and no building or residence, including porches, swimming pools or projections of any kind, shall be erected so as to extend over or across any of the Setbacks as hereinafter established except as herein provided. Provided, however, two or more Lots may be combined to provide one building site in accordance with this Declaration.

Section 3. Increased Size of Lots. A Lot or Lots may only be subdivided provided the effect is to increase the size of both of the adjoining Lots. In such cases, the Declarant may alter the building lines to conform. Should the Owner or Owners of any Lots and/or portions of Lots which have been combined for a single building site subsequently wish to revert to the original plan of subdivision, or make any other combination which would not be in violation of this

restriction, such may be done only if the written consent of the Declarant its successors or assigns is first had and obtained. In such instances, the adjoining Lot Owners, or other Owners in the subdivision do not have the right to review, pass on or interfere with such Lots rearrangement, as such rights shall be exclusively that of the Declarant or any successors or assigns to whom the Declarant may expressly have transferred such rights, but the Owner of any other Lot in the subdivision does not, by virtue of such status as an Owner, become any such successor or assign. More than one Lot may be combined to form one Lot with the written consent of Declarant, its successors and assigns. Upon combination of Lots, the building line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side and front Lot lines of such lot as combined. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building site shall be used to compute the set-back lines as set forth herein. Annual assessments are applicable on each individual Lot as originally recorded by Declarant regardless of whether two or more Lots are combined by an owner to form one. Where a Lot is subdivided to increase the size of two adjoining lots, annual assessments are applicable to the owner of each subdivided portion. The assessment on the subdivided portions for each Lot Owner is based on the percentage of acreage acquired from the subdivided Lot.

Section 4. Alteration of Setback Lines in the Best Interest of Development . Where because of size, configuration, natural terrain, or any other reason in the sole opinion of the Declarant, it would be in the best interest of the development of the Subdivision that the setback lines of any Lot should be altered or changed, then the Declarant reserves unto itself, its successors or assigns, and no other, the right to grant a variance to the Lot Owner or in the case of a Lot owned by Declarant, the Declarant may change said setback lines to meet such conditions. Any such alteration shall meet any minimum standards as set forth by Onslow County or the Township of Holly Ridge. The Declarant specifically reserves the right to transfer and assign this right of approval to the Architectural Review Committee hereinafter established.

Section 5. Completion of Improvements . With the exception of construction which is interrupted or delayed due to strikes, national emergencies, or physical damage to the work in progress (such as damage due to fire, lightning, windstorm, flood, hail, riot or civil commotion, explosion, or theft), any Dwelling constructed upon a Lot must be completed within one (1) year subsequent to commencement of construction, except with the written consent of Declarant, its successors or assigns, or, if the Declarant so designates, by the ARC. The Owner of the Lot on which the improvements are being constructed shall at all times keep public and private streets contiguous to the Lot free from any dirt, mud, gravel, garbage, trash or other debris which might be occasioned by construction of the improvements. During construction, the Owner shall require its contractors to maintain the Lot upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction material, and debris from the Lot.

In the event that completion of the Dwelling, outbuildings, or other improvements on any Lot is not completed within one year, and it is determined that construction progress has diminished to such an extent that completion of the Dwelling, outbuildings, or other improvements is unlikely within 120 days, notice will be given to the Owner that the Owner has the obligation, within 30 days, to remove all construction work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that

it is restored to its natural grade level. The Declarant or the Association (after termination of Class B membership) shall have the right to undertake this work upon Owner's failure to do so and charge the cost to the Owner and place a lien upon the Lot upon Owner's failure to pay these charges.

No building under initial construction shall be occupied until construction is completed and all necessary approvals of the ARC and any governmental authorities have been obtained.

Section 6. Residential Use of Lots. All Lots shall be used for residential purposes exclusively except for limited home office uses permitted under Section 11 of this Article II. No structures, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family Dwelling constructed in accordance with the Plans and Specifications herein defined in Article III. No timesharing, interval ownership or other related ownership scheme where the right to exclusive use rotates among multiple owners or members of the program shall be permitted. Ancillary buildings or other out buildings shall conform to the architectural scheme and appearance of the Dwelling. In addition, no leasing or rental of any Dwelling shall be permitted having a duration of less than 6 months nor shall less than the entirety of any Dwelling be leased. Declarant or its assignee may, however, maintain a sales office, models and construction office upon one or more Lots until all Lots to be located within the Subdivision have been sold.

Section 7. Maintenance and Landscaping of Lots. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkept condition of buildings or grounds on such Lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. Each Owner shall maintain such Owner's Lot and shall keep underbrush and weeds mowed. Such maintenance obligation shall also extend to the portion of any Common Area and/or public street right-of-way located between the boundary lines of each Lot and any pavement within such street right-of-way, and to the portion of any Common Area located between the boundary line of each Lot and the shore of any lake, pond, infiltration basin, stream or other body of water located within such Common Area.

Landscaped and grassed areas on each Lot as designated by the ARC in its sole discretion shall be watered by means of an automatic underground sprinkler system which shall be employed so as to keep all vegetation in excellent condition. Landscaping as approved by the ARC shall be installed prior to occupancy of the building improvements on each Lot. Occupancy prior to completion of landscaping shall require the written approval of the ARC, shall be for good cause only, and shall be no earlier than ninety days prior to completion of landscaping. To ensure that all landscaping will be completed in accordance with the approved landscape plan, Owner shall post a performance bond with the ARC in the manner set forth in the Architectural Review Guidelines in the amount of \$1,000.00 or such other sum as is established by the ARC from time to time.

Section 8. Nuisances. No noxious, unlawful or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood. No plants, poultry, animals, junk, junk automobiles, or devices or things of any sort, the normal activities or existence of which are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood shall be placed, kept or maintained on any Lot. Without limiting the foregoing, exterior lighting may not be so installed on any Lot so as to

illuminate any portion of a neighboring Lot or to shine into any window or otherwise enter a Dwelling located on an adjoining Lot. Bottled gas containers and oil tanks shall be screened from public view. No lot shall be used for storage of building materials prior to the issuance of the building permit for the primary residence.

Section 9. Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. No exposed or exterior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of a Lot, provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the Subdivision. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground. "Satellite dish" antennas and similar equipment in excess of 18 inches in diameter shall not be allowed except in the rear yard (to the rear of the Dwelling) and must to the fullest reasonable extent, be screened from view from adjoining Lots and roadways as per the Architectural Guidelines.

Section 10. Signs. No sign of any nature shall be placed on any lot without prior written approval of the Declarant or the ARC in their sole discretion. No billboards or advertising signs of any character shall be erected, placed, permitted or maintained on any Lot or improvement thereon except as herein expressly permitted. "For Sale", or similar signs may be permitted on a Lot, in the sole discretion of the Declarant or the ARC, provided the sign complies with material, size, and color guidelines promulgated by the ARC. In addition, it shall be permissible for the Association to have a sign located on the Common Area, if the design, size and location of such sign is approved by Declarant, prior to its erection. No other sign of any kind or design shall be allowed. Declarant as developer reserves the right at his sole discretion to erect temporary or permanent signs on Lots and Common Area identifying owner's names, street names, common area, traffic signs including stop signs and speed limit signs, and any other signs that will aid in the development of the subdivision including signs advertising the Subdivision and/or model homes. No sign shall be permitted within the road right-of-way. Should it be determined that a sign erected on a Lot or in the Common Area does not conform to ARC guidelines, or has not been approved, the Association, the Declarant, its agents or assigns shall have the right from time to time to enter said Lot without any liability for damage, wrongful entry, trespass or otherwise for the purpose of removing the nonconforming sign. The Declarant or the Association has the right from time to time to revise the rules and regulations regarding signs in order to meet the needs of the community or satisfy any governmental regulations. Notwithstanding the foregoing, political signs may be placed on a lot in the time period beginning 45 days before the day of election and no later than seven days after an election day. The size of any political sign must comply with any applicable city, town or county ordinance regulating the size and number of political signs on residential property, but shall not exceed a maximum dimension of 24 inches by 24 inches.

Section 11. Prohibition Against Business Activity. No business activity, including but not limited to, a rooming house, boarding house, gift shop, antique shop, landscape business, professional office or beauty shop or the like or any trade of any kind whatsoever (in which clients or members of the public regularly come to any Lot or any significant business traffic is generated in the Subdivision) shall be carried on upon any Lot or Lots. Provided, however, that nothing contained herein shall be construed so as to prohibit use of any portion of a residence as a home office, so long as no clients or members of the public regularly come to any Lot and no significant business traffic is generated in the Subdivision on account of such use. Provided

further, however, that nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on said Lots or the showing of said houses for the purpose of selling houses in the Subdivision. Nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales in the subdivision.

Section 12. Mining and Drilling. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any part of the Subdivision, nor shall any oil, natural gas, petroleum, asphalt or hydrocarbon products or materials of any kind be produced or extracted from the premises.

Section 13. Garbage Disposal. Each Lot Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the Declarant, or a roll-out garbage rack of the type approved by the Declarant, which shall be visible from the streets on garbage pickup days only. No garbage or trash incinerator shall be permitted upon the premises. No burning, burying or other disposal of garbage on any Lot or within the Subdivision shall be permitted (except licensed contractors may burn construction debris during the period of construction of improvements on any Lot if they have been properly permitted). Provided, however, that the Declarant or the Association shall be permitted to modify the requirements of this Section 13 where necessary to comply with orders of governmental bodies.

Section 14. Temporary Structures. No structure of a nonpermanent character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractors during construction of the main Dwelling house, it being clearly understood that the latter temporary shelters may not, at any time, be used for a residence or permitted to remain on the Lot after completion of construction. Prior to placement on any lot, all temporary construction shelters must be approved in writing by the ARC.

Section 15. Other Structures. No home, tent (other than small overnight tents used by children which remain in place for less than 24 hours), barn, shed, shack, trailer, mobile home, modular home, tree house or other similar out-building or structure shall be placed on any Lot at any time either temporarily or permanently, except as provided in Section 14 above, nor shall above ground swimming pools be permitted.

Section 16. Clotheslines. No clotheslines or drying yards shall be located upon the premises so as to be visible from any Common Area or from any adjoining property or Lot.

Section 17. Vehicles and Off-Street Parking. There are areas where permanent on street parking is designated. In non-designated areas, temporary on street parking may be allowed for 24 hours maximum. Each Owner shall provide for parking of vehicles off alleys, private lanes, streets and roads within the Properties. Except as otherwise specifically provided for in this Declaration, no parking shall be permitted in or along any of the alleys, private lanes, roads or streets in the Properties. There shall be no outside storage or parking upon any portion of the Properties of any mobile home, modular home, trailer (either with or without wheels), motor home, tractor, truck (other than personal-use pick-up trucks and sport utility vehicles), commercial vehicles of any type (including, without limitation, cars or trucks with advertising signs or lettering), camper, motorized camper or trailer, boat or other water craft, boat trailer, motorcycle, motorized go-cart or other related forms of transportation devices, except if adequately screened from view or otherwise permitted in writing by the Declarant or the

Association. Notwithstanding the above, the use of golf carts will be allowed on the roads and common area subject to any governmental regulations. The Declarant and/or the Association reserve the exclusive right, in their sole discretion; to make certain rules and regulations, which are subject to change from time to time, regarding the use of, parking and storing of golf carts within the Subdivision. No Owners or other occupants of any portion of the Properties shall repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (i) within enclosed garages, or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Violators of the prohibitions contained in this Section 17 shall be subject to having their vehicles towed, at the Owner's expense, by or at the direction of the Association, and to the levy of fines by the Association in such amount as may be determined from time to time by the Board of Directors. Additional rules and regulations regarding use, repair and storage of vehicles in the Properties may be promulgated from time to time by the Board.

Section 18. Sewer, Water, Utilities. No septic tanks or surface toilets are permitted in the Subdivision. Portable toilets will be allowed only during construction. If applicable, the grantee of any Lot assumes all responsibility for obtaining all necessary permits. Summerhouse on Everett Bay Subdivision is to be served by a county water system and by centralized Wastewater Facilities. Buyer understands and agrees that they will be responsible for the then applicable water connection fee, sewer connection fee, electric connection fee, electric meter fee and any impact fees, whether due at closing, when applying for a building permit or any other time when required to be paid.

It shall be the responsibility of the owner to each dwelling unit to maintain the wastewater collection line from the cleanout to the dwelling and within the dwelling. The homeowner shall be responsible not only for that portion of the collection line on his property, but also that portion of the collection line that crosses any common ownership prior to entering the wastewater main.

The Wastewater Facilities in the subdivision will be operated in accordance with the Wastewater Treatment and Reclaimed Water Utilization System Permit form the North Carolina Department of Environmental and Natural Resources, Division of Water Quality and the Purchase and Operations Agreement between R. A. North Development, I, Inc., and Aqua North Carolina, Inc., any successors or assigns.

Section 19. Firearms and Fireworks. No firearms or fireworks of any variety shall be discharged upon the Lots or Common Area. The term "firearms" shall include, without limitation, guns, "B-B" guns and pellet guns.

Section 20. Animal and Pets. No animals, wildlife, livestock, reptiles, or poultry of any kind shall be raised, bred, or kept on any portion of the Subdivision, except that dogs, cats, or other usual and common household pets not to exceed a total of three (3) may be permitted in a Dwelling. Dogs shall be leashed and under control of the owner when on the Common Area. No dogs shall be permitted to roam the property and the Association may have strays and dogs that are not leashed and are found off their owner's lot picked up by governmental authorities. Those pets which, in the sole discretion of the Association, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots or the owner of any portion of the Subdivision shall be removed upon request of the Association. No pets shall be kept, bred, or maintained for any commercial purpose. Pets shall only be permitted on the Common Area if such portions thereof are so designated by the Association. All persons bringing a pet onto the Common Area shall be responsible for immediately removing any solid

waste of said pet. No hunting nor trapping of any wildlife, including, but not limited to, birds, ducks, geese, turkeys, or deer shall be permitted on any common area.

Section 21. Driveways. All private driveways, right-of-ways, and culverts, if required, installed therein, shall be of a type and quality approved by Declarant or the ARC and the grade of same shall be set by Declarant or the ARC or any governmental regulations. All pipe under driveways must be reinforced concrete pipe. No other material will be allowed.

Section 22. Mailboxes. Declarant shall provide locations, in its sole discretion, for mail box facilities for the community. No other mailboxes and no paper boxes are allowed.

Section 23. Garages. All dwellings built on Lots shall be required to have at least a two car garage. No garage shall be converted to living area without prior ARC approval. If approved, lots may have a detached garage as long as the garage is constructed of materials similar to the dwelling and is compatible in design. Garage doors must be closed except when entering or exiting said garage.

Section 24. Wells and Irrigation Systems. No sprinkler or irrigation systems of any type that draw upon water from creeks, streams, rivers, lakes, ponds, infiltration basins, wetlands, canals, or other ground or surface waters within the Subdivision shall be installed, constructed, or operated within the Subdivision by any person, unless prior written approval has been received from the Declarant. This Section shall not apply to the Declarant, and it may not be amended without Declarant's written consent so long as Declarant has the right to add property to the Subdivision in accordance with Article X Section 2 of this Declaration. No private water wells or individual drinking water supply system shall be permitted upon any Lot.

Section 25. Ponds, Lakes and Infiltration Basins. No ponds, lakes or infiltration basins shown on any map of the Subdivision shall be used for swimming, boating, diving or fishing, nor shall the use of any personal floatation devices, jet skis or other such items be permitted on any pond or lake except as permitted by the rules and regulations of the Association in its sole discretion. No piers, docks or barriers shall be constructed on any portion of the ponds or lakes nor attached to the shoreline or banks thereof, except those that may be constructed by the Declarant or as approved by the ARC. No Lot Owner may use or permit to be used any water from any ponds, infiltration basins, lakes or other bodies of water for irrigation of such Owner's Lot unless expressly approved in writing by the Declarant, its successors or assigns or ARC. Permission may be granted in writing at the sole discretion of the Declarant, its agents or assigns or ARC to allow lot owners to use water from the infiltration basins or lakes and any other ponds for irrigation purposes. The amount of water and/or when water may be removed will be designated. Neither the Declarant nor Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of ponds, lakes, or infiltration basins within the Subdivision. No dredging or filling shall be undertaken on any property adjacent to any water body. The Declarant makes no warranties whatsoever as to the water level in the infiltration basins, lakes, and ponds, nor to their continued existence beyond the time that the construction of them has been completed and they are filled with water. There is to be no interference with pumps, fountains or water features. See Article IV for additional provisions regarding ponds and lakes. Declarant reserves a temporary construction easement of forty (40) feet in width outside of all Common Areas and Common Areas around all ponds, infiltration basins and lakes along with the right to clear and grade the land and enter thereon,

without the risk of trespass for the purpose of constructing, clearing or grading the Common Area, ponds, infiltration basins and lakes. The temporary construction easement will expire December 1, 2007. There shall be no dumping or discharging of any foreign substance or material into the ponds, lakes or infiltration basins which shall be in any way harmful or detrimental to the quality of the waters in said ponds. There shall be no storage of any hazardous materials within one hundred (100') of the shoreline of the ponds. No animal life or fish shall be introduced into the waters of the ponds, lakes or infiltration basins.

Section 26. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation with the exception of specialty use areas such as common area putting greens shall be permitted. Exterior sculpture, fountains, gazebos, arboretums, flags, and similar items are subject to Declarant's or ARC's prior approval; provided, however, that nothing contained herein shall prohibit the appropriate display of the American flag or the flag of the State of North Carolina. Notwithstanding the foregoing, the size of the American flag or flag of the State of North Carolina shall be of a size no greater than four feet by six feet, and shall be displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. § 5-10.

Section 27. Play Structures and Yard Accessories. All yard accessories and play structures, including basketball backboards and any other fixed game, shall be subject to ARC review and prior approval.

Section 28. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design on a structure, as determined in the sole discretion of Declarant. Under no circumstances shall solar panels be installed that will be visible from any street in the Subdivision.

Section 29. Trees. Trees may be removed without prior written approval within the building foundation area of the main Dwelling and within twenty (20) feet of the main Dwelling provided that the location of the house has been approved in writing by the ARC or the Declarant. Except as provided for in this Section and in Article VIII of this Declaration, no tree six (6") inches in diameter or greater at ground level shall be cut, removed or intentionally damaged on any Lot without the prior written approval of the Architectural Review Committee.

Section 30. Elevation and Drainage Changes. No changes in the elevation, topography or drainage characteristics of any Lot within the Subdivision shall be made without the prior written approval of the Declarant or the Association Board of Directors.

Section 31. Architectural Style. The architectural style for the community shall be Coastal Cottage.

Section 32. Piers. No individual piers will be allowed on any lot located within the Summerhouse on Everett Bay Subdivision. Individual piers are not allowed on the Intracoastal Waterway.

Section 33. Small Vessel Launch and Boat Slips. The Small Vessel Launch and 10 Boat Slips, which are common area, are subject to regulatory approval. The use of the Boat Ramp and Boat Slips will be subject to CAMA Regulations and the Rules and Regulations published by the Declarant or Association which may be changed from time to time in their sole discretion. Boat

Slips are for day use only by all lot owners.

Section 34. Marketing and Sales Activities. Declarant, its affiliates, and designated Preferred Builders may construct and maintain upon portions of the Common Area and other property they own, such facilities, activities, and things as, in Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities, activities, and things shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, Declarant, Declarant's Affiliates, and Builders may park vehicles in areas other than garages or driveways, including on streets. Builder's rights under this Section are subject to Declarant's prior written approval.

Section 35. Right to Use Common Area for Special Events. As long as Declarant, its successors or assigns, or any Affiliate of Declarant owns any property, including but not limited to Common Area, described in and shown on the recorded plats of Summerhouse on Everett Bay, Declarant may use the Common Area to sponsor special events for charitable, philanthropic, or marketing purposes, subject to the following conditions:

- (a) the availability of the facilities at the time requested;
- (b) Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event; and
- (c) Declarant shall have the right to assign its rights to charitable organizations or foundations selected by Declarant. Declarant's right to use the Common Area for special events shall be enforceable by injunctions, by any other remedy in law or equity, and by the terms of this Declaration.

Section 36. Water Levels and Drainage. Declarant makes no representations, guarantees, or warranties whatsoever as to the water level of any stream, river, lake, pond, infiltration basin, waterway or body of water located on or adjacent to this subdivision. Declarant reserves the right (but shall not have the obligation) which right shall survive the closing, to place, move or remove dirt or trees on the subject property to construct the subdivision improvements, facilitate drainage, or to provide the uniformity of grade with surrounding lots, should the foregoing be deemed necessary or appropriate in the sole discretion of the Declarant.

Section 37. Featured Builder(s). Declarant reserves the exclusive right to designate certain builders as Featured Builders. All Featured home builders are independently owned and operated companies. To qualify as a Featured Builder, a builder must satisfy certain criteria and requirements established by the Declarant. The designation of any builder as a Featured Builder and the criteria and requirements established by the Declarant its successors or assigns, for a builder to qualify as a Featured Builder are solely for the Declarant's protection and benefit and are not intended to, and shall not be construed to, benefit any lot owner or any other party whatsoever. Declarant makes no representation, express or implied, to any lot owner or any other party whatsoever with regard to the Featured Builders, including, without limitation, a Featured Builder's performance or ability to perform, solvency or financial status, compliance with applicable laws and regulations, use of construction substances and materials and performance pursuant to any or other reasonable standard of performance. Neither the Declarant nor any real estate broker is responsible in any manner for the performance of the obligations of a Featured Builder chosen by a lot owner, who shall look solely to the builder for enforcement of any claims for nonperformance, breach of warranty or any other matter relating to the

construction of the lot owner's home.

Each Owner acknowledges and agrees that Featured Builders are not agents or employees of Declarant, the Association, or their respective agents, assigns, or employees. The Association, Declarant, and their respective agents, or assigns, or employees shall not be held liable to any Person for any loss, damage, or injury resulting from any decision, action, inaction, negligence, contractual breach, tort, or work performance of any Featured Builder.

Section 38. Construction Site. During the construction phase of the subdivision, only authorized workers, employees, and agents (and their invitees) of the Developer/Declarant shall be allowed on the property without express written permission in the sole discretion of the Developer/Declarant. This provision is in effect until at the sole discretion of the Developer/Declarant, all construction has been completed by the Developer/Declarant.

ARTICLE III

Construction in Accordance with Plans and Specifications

Section 1. General. All structures of every type and description shall be constructed, placed or erected within the Subdivision in accordance with the provisions of this Article III together with other applicable provisions of this Declaration. Only new construction of residential buildings shall be permitted, it being the intent of this covenant to prohibit the moving of an existing building or portion thereof on a lot and remodeling or converting same into a Dwelling. **ALL NOTES AND LEGENDS INDICATED ON THE RECORD PLATS OF THE SUBDIVISION MUST BE ADHERED TO. IN ADDITION TO THIS DECLARATION, AND THE RECORDED PLATS OF THE SUBDIVISION, THE REQUIREMENTS OF ANY LAW OR ANY GOVERNMENT AGENCY HAVING LEGAL JURISDICTION OR PERMITTING AUTHORITY OVER THE SUBDIVISION MUST BE COMPLIED WITH.**

Section 2. Size of Residences and Lot Coverage. All residences to be constructed upon any Lot shall have a minimum of 2400 square feet of enclosed heated living area (exclusive of porches, decks and garages and other unheated spaces). Notwithstanding the above, the homes constructed upon the following listed lots shall have a minimum of 2000 square feet of enclosed heated living area (exclusive of porches, decks and garages and other unheated spaces) 167, 168, 173, 189, 190, 191, 192, 193, 194, 199, 200, 208, 671, 673, 674, 676, 677, 678, 697. Homes constructed on these lots may be limited to a maximum footprint due to various site constraints. No residence shall exceed a height of 50' above ground level. For any additional building height regulations see Architectural Guidelines.

Section 3. Setbacks. No building or structure, including porches, decks, swimming pools or projections of any kind (including eaves), shall be erected so as to extend over or across any of the Setback lines shown on the recorded plat of the Subdivision or as described in the Declaration or any amendment thereto so as to be nearer to the Lot boundary line than such Setback line. All setbacks must comply with Architectural Guidelines. In order to preserve particular view corridors, or to account for unusual topography, natural site features, streetscape or other extenuating circumstances, in its sole discretion, the Declarant and/or ARC reserves the right to require alternate setbacks and to determine house and structure locations at the time of

the ARC review. All setbacks or any alteration of setbacks as provided herein shall meet the minimum standards as set forth by Onslow County or the Township of Holly Ridge. The setbacks for lots presently submitted to this Declaration are as follows:

FRONT: 15 ft.
SIDE: 5 ft.
REAR: 20 ft.

Section 4. Fences, Walls and Animal Pens. Any fences, walls or animal pens sought to be constructed on any Lot shall require the specific written approval of the Declarant or the ARC as to location, size, composition, configuration, exterior materials, color and other similar matters, which approval may be withheld for purely aesthetic considerations. No hedge, shrubbery or vegetation of any kind shall be grown or placed in the form of a fence on any Lot or Lots across the front street line of the said Lot or Lots or on either of the side lines of the said Lot or Lots until such time as the Declarant approves same as to location.

Section 5. Prohibited Building Materials. Exposed exterior walls composed of concrete block (unless covered with stucco or other approved material), imitation asphalt brick siding, tar paper, and imitation asphalt stone siding shall be prohibited. All other materials are subject to the approval of the ARC, which may approve or reject such materials in its discretion, on purely aesthetic grounds.

Section 6. Commencement of Dwelling and other Construction. Construction of a dwelling must begin on all lots within 5 years from the date of closing or within 5 years from the time the roads in the subdivision are paved and water, sewer and electric are installed, whichever is the later. If a lot is sold by initial owner, subsequent owner has the balance of the 5 years plus one additional year to begin construction. If construction has not been started by the expiration of the 5 year period plus one year, the Declarant in its sole discretion has the option to purchase the lot (but is not obligated) at the initial purchase price.

ARTICLE IV

Additional Provisions as to Buffer Areas and Ponds

Section 1. Buffer Areas. There shall be a Buffer Area twenty (20') feet in width along the external boundary of Summerhouse on Everett Bay along the Lot line of any Lots that adjoins property located outside of Summerhouse on Everett Bay. No cutting or removal of trees, shrubbery, or landscaping of any kind shall be made within any Buffer area shown on any recorded plat of the Subdivision, except with the prior written consent of Declarant or the ARC. As the provisions contained herein are for the preservation of the aesthetics and privacy of the Subdivision, in the event of the destruction or removal of any tree or landscaping within the aforesaid Buffer (except destruction caused by act of God), the Owner of the Lot upon which such tree, shrub, or landscaping was located will cause same to be replaced or restored with a comparable size and type of tree or landscaping, at the Lot Owner's sole expense.

Section 2. Declarant's Rights and Easements. Declarant, as developer, hereby reserves and is granted a maintenance easement in favor of itself, its successor and assigns over, under,

onto and across all Buffer Areas for the purpose of maintaining, restoring, and replacing trees, shrubs, and landscaping. The reservation of these easements shall not place upon Declarant any obligation to perform such activities and such performance shall lie solely within the discretion of Declarant. The within rights of Declarant are in addition to the rights and obligations of Association set out in Article VI, Section 4 of this Declaration. The easements herein reserved and granted are perpetual, non-exclusive and shall run with title to the Lots.

Section 3. Rights of Enforcement. In the event an Owner does not replace trees and/or restore landscaping as and when required under Section 1 above, Declarant and Association may each enforce such Owner's obligations either by an action in specific performance or may perform such work themselves and the cost and expense of such work and materials, shall be due and payable by such Owner within seven (7) days of demand by Declarant or Association, as the case may be. In the event such Owner refuses to make such payment as aforesaid, the Declarant and Association shall have the right to bring an action for the collection of same plus attorney's fees related thereto; and Association shall have the additional right to enforce collection thereof in the manner provided under Article VII, Section 6 of this Declaration.

Section 4. Ownership and Control of Ponds, Lakes and Infiltration Basins. No right title or interest, including, without limitation, riparian rights, in any pond, infiltration basin or lake shall attach to or become an appurtenant to the title to any Lot by reason of or upon conveyance of such Lot by Declarant unless such conveyance specifically includes such rights. The Declarant reserves unto itself, its successors and assigns an easement upon and across every Lot to maintain said ponds, lakes, and infiltration basins as more fully provided in Article VI, Section 8 of this Declaration, and the Association shall be responsible for all maintenance of said ponds and lakes, including but not limited to monitoring water levels, maintaining any fountains or aeration devices, dredging and providing lake mitigation services (i.e. algae control and aeration). Nothing in this section shall relieve Lot Owners of their responsibility to maintain the area of their Lot bordering the Common Area around the ponds, infiltration basins and lakes. The Declarant, its successors or assigns hereby grants to the operator of the Wastewater Facility the perpetual right to discharge water into the infiltration basins located within the subdivision.

ARTICLE V.

Membership and Voting Rights in the Association

Section 1. Membership. Every person or entity who is an Owner of any Lot which is subjected by this Declaration to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to Assessment.

Section 2. Board of Directors. Initially, there shall be three (3) members of the Board of Directors of the Association who shall serve until such time as their successors are duly elected and agree to serve. The directors shall have annual meetings and other such meetings as may be called for at the request of the President of the Association, by a majority of the directors, or as called for in the Bylaws. The foregoing notwithstanding, so long as the Declarant, or its successors and assigns as Declarant, is the Class B Member, Declarant shall select the Board of Directors and Declarant may select board members who are not Owners.

Section 3. Articles of Incorporation and Bylaws. The Articles of Incorporation of the

Association and Bylaws of the Association shall be adhered to in the administration and operation of the Association.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners excepting the Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Section 1 above. When more than one person holds such interest or interests in any Lot, the vote attributable to such Lot shall be exercised as such persons mutually determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. When a purchaser of an individual Lot or Lots takes title thereto from the Declarant, such purchaser automatically becomes a Class A Member.

Class B. The sole Class B Member shall be the Declarant. The Class B Member shall be entitled to ten (10) votes for each Lot owned. Class B membership shall cease and become converted to Class A membership upon the happening of the earlier of the following:

- (a) The date on which the Declarant no longer owns any part of the entire Subdivision, including but not limited to Common Areas; or
- (b) Fifteen (15) years from date of recordation of this Declaration; or
- (c) At such time as Declarant, in its sole discretion, voluntarily relinquishes Class B Member status in writing.

From and after the happening of whichever of said events which occurs earlier, the Class "B" Member shall be deemed to be a Class "A" Member and entitled to one vote for each Lot owned in the manner provided above. The earliest to occur of (a) (b) or (c) shall be referred to as the "Turnover Date".

ARTICLE VI.

Property Rights in the Common Area / Miscellaneous Easements

Section 1. Member's Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member shall have a right and easement of enjoyment in and to the Common Area, and such easement shall be appurtenant to and shall pass with the title to every Lot. This right and easement shall be for use in common with all other such members, their tenants, guests and invitees. In the event that Declarant incorporates additional land under the provisions of this Declaration pursuant to Article X, Section 2 of this Declaration, all Owners of Lots within such additional phases shall have the same rights and privileges with regard to use of the Common Area as the Owners of Lots originally made subject to this Declaration.

Section 2. Title to Common Area and/or Open Space. The Declarant hereby covenants for itself, its successors and assigns, that within fifteen (15) years from the date of recording of this Declaration, it will convey to the Association, by Quit-Claim Deed, fee simple title to the Common Area and/or Open Space upon the conditions set forth herein, subject to those rights

reserved unto to Declarant pursuant to this Declaration and to the provisions of this Declaration.

In lieu of the conveyance provided for herein with regard to the alleys, private lanes, streets and roads, Declarant, in it's sole discretion, may cause such alleys, private lanes, streets and roads to be dedicated to any governmental entity, as provided for in Section 3(a) hereof. In the event the alleys, private lanes, streets and roads are dedicated to a governmental entity, acceptance of such dedication may be conditioned upon the agreement of the Association that the Association shall maintain, (at Association's sole cost and expense) any and all landscaping, shrubbery and the entrance sign to the Subdivision which may be located within the dedicated areas.

NOTICE IS HEREBY GIVEN THAT THE STREETS AND ROADS INSIDE SUMMERHOUSE ON EVERETT BAY ARE PRIVATE STREETS AND ROADS AND ARE NOT TO BE MAINTAINED BY ANY PUBLIC ENTITY. THE STREETS AND ROADS SHALL BE PART OF THE COMMON AREA TO BE MAINTAINED BY THE ASSOCIATION.

Section 3. Extent of Member's Easements. The rights and easements created hereby shall be subject to the following:

(a) The right of Declarant, and/or of the Association, to dedicate, transfer or convey all or any part of the Common Area, with or without consideration (and subject to the condition set out in Section 2 immediately above), to any governmental body, district, agency or authority, the operator of the Waste Water Facility or to any utility company, provided that no such dedication, transfer or conveyance shall adversely limit the use of the Common Area by the Members of the Association;

(b) The right of the Declarant, and/or of the Association, to grant and reserve easements and rights-of-way for maintenance and inspection of lines and appurtenances for public or private water, public or private sewer, or waste water system, drainage and other utilities and services, including, without limitation, a cable (CATV) or community antenna television system and irrigation or lawn sprinkler systems, and the right of the Declarant to grant and reserve easements and rights-of-way through, over and upon and across the Common Area for the completion of the Subdivision, for the operation and maintenance of the Common Area and perpetual non-exclusive easements for ingress and egress and utility installation and maintenance to any other property of Declarant regardless of whether or not made subject to this Declaration;

(c) The right of the Association, as provided in its By-Laws to suspend the enjoyment rights of any Member in the Common Area (but not access to a Member's Lot) for any period during which any assessment remains unpaid, and for a period not to exceed thirty (30) days from any infraction of its published rules and regulations.

(d) The rights of the Association, in accordance with law, its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and in pursuance thereof, to mortgage the same.

Section 4. Maintenance. The Association shall at all times maintain, including paying all applicable taxes regardless of ownership, all portions of the Common Area and structures situated on the Common Area, including, but not limited to, Recreational Amenities, in good

repair, and shall repair or replace as often as necessary, any leased property, any paving, drainage structures, street lighting fixtures, (if not maintained by utility company) landscaping, entrance signage, small vessel launch and boat slips (subject to regulatory approval), and other amenities situated on the Common Area and maintain and keep in a clean condition any lakes, and ponds which are Common Area. The Association shall also maintain any additional property, which may include a Lot and the infiltration basins, for which the Association, in its sole discretion, assumes maintenance responsibly under this Declaration, a Supplemental Declaration, or a contract, covenant, or agreement which the Association enters into (or which Declarant enters into on the Association's behalf). The Board of Directors acting by a majority vote shall order all work to be done and shall pay for all expenses including all electricity consumed by the lighting located in the Common Area and all other common expenses. All work pursuant to this Section and all expenses hereunder shall be paid for by such Association through assessments imposed in accordance with Article VII. Excluded here from shall be paving and maintenance of individual Lot driveways which shall be maintained by each Owner. Nothing herein shall be construed as preventing the Association from delegating or transferring its maintenance obligations to a governmental authority under such terms and conditions as the Board of Directors may deem in the best interest of the Association.

Section 5. Additional Structures. Neither the Association nor any Owner or any group of Owners shall, without the prior written approval of Declarant, erect, construct or otherwise locate any structure or other improvement in the Common Area.

Section 6. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owners' family who occupy the residence of the Owner within the Subdivision.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to the Owner's tenants who occupy a residence within the Subdivision.

(c) Guests. Any recreational facilities and other Common Area, may be utilized by guests of Owners or tenants subject to this Declaration, the By-Laws of the Association and to the Rules and Regulations of the Association governing said use and as established by its Board of Directors.

Section 7. Rules and Regulations. The use of the Common Area by an Owner or Owners, and all other parties authorized to use same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established by the Association governing such use, or which may hereafter be prescribed and established by the Association. Such Rules and Regulations may be revised from time to time in the sole discretion of the Board of Directors.

Section 8. Easement for Utilities and Maintenance. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and reasonable easement and right of ingress and egress, over, upon, across and under the Setback areas, and easement areas on each Lot as shown on the recorded map of the Subdivision and/or as set forth herein and over, upon, across and under the Common Area for maintenance and/or the erection, maintenance, installation and

use of electrical and telephone wires, cables, conduits, sewers, force mains, pumps, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public convenience or utilities, including an easement for privately owned television and other communications cable and equipment, and for maintenance of ponds and the installation and maintenance of pumps, fountains or other equipment related to said maintenance. Declarant may further cut drainways for surface water when such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of soil, or to take any other similar action reasonably necessary to provide economical and safe utility or other installations and to maintain reasonable standards of health, safety and appearance. Declarant further reserves the right to locate wells, pumping stations, and tanks on Common Area. It shall not be necessary to obtain the consent of Owners of Lots adjoining any existing utilities or pump stations. Such rights may be exercised by the licensee of the Declarant but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility service. No structures or other items, including walls, fences, paving or planting shall be erected upon any part of the Subdivision which will interfere with the rights of ingress and egress provided for in this paragraph. Specifically, no Owner shall erect any structure, including, without limitation, walls, fences or paving within any areas designated on the Plat of the Subdivision and/or as set forth herein as a "Road Right of Way", "Utility Easement", "Common Area and/or Open Space", "Drainage Ditch", or "Swale", nor shall any Owner change the grade of any such easement area, provided however, that driveways may cross utility and drainage easements at the front the Lots subject to prior approval of Declarant and that any planting in easement areas shall not interfere with the applicable easement and shall be limited to grassing and small shrubbery. Each Owner shall keep drainage ditches and swales located on such Owner's Lot free and unobstructed and in good repair and shall provide for the installation of such culverts upon such Lot as may be reasonably required for proper drainage. Declarant may, at its sole option, convey any such drainage easements to an appropriate governmental entity. The easements referred to in this paragraph are, without limitation, those shown upon the recorded plat(s) of the Subdivision; as set out in easements of record; upon the plans of the Subdivision; as set forth herein or which are located on, over or under the ground.

In addition to the foregoing rights reserved to Declarant, and not in limitation thereof, Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable commercial easement and right of ingress and egress over, upon, across and under the Common Area and all streets and roads within the Subdivision for the purpose of providing drainage and utility installation, construction, reconstruction, and maintenance to adjacent property now or hereafter owned by Declarant and for the installation and maintenance of any pipes, drainways or other installations necessary for the foregoing and further for the installation, maintenance, repair, replacement and operation of water lines, sewer lines and other utilities which serve or shall serve property presently owned by Declarant. Declarant, its agents, contractors, servants, employees and assignees may enter upon the easement areas for the purposes of maintaining, repairing, replacing and operating such water lines and other utilities and drainage facilities and for the purpose of installing additional utilities and drainage facilities. Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable easement and right-of-way over, under and across those areas designated as "Road Right of Way", "Common Area and/or Open Space", "Utility Easement", "Drainage Ditches" or "Swales" on the plat of the Subdivision referred to in Exhibit "A" hereto for the purpose of providing drainage of the Subdivision and lands now or hereafter adjacent to the Subdivision or in the vicinity thereof (whether or not a part of the Subdivision) and for the installation, repair and maintenance of pipes and other facilities

necessary for such drainage. Declarant, its agents, contractors, servants, employees and assignees may enter upon any of the easement areas so designated on the recorded plat of the Subdivision for the purpose of maintaining, repairing, replacing and operating any of the drainage facilities, pipes, ditches, and drainage areas located thereon. The Owners of Lots on which such easements are located shall not interfere in any manner with such easements or any of the facilities located therein or the access thereto. No Owner shall erect any structure or fence within such easement areas without the prior written consent of Declarant. Declarant, its agents, employees and assignees shall have no liability for damage which may occur to any structures, plants, trees, or other items which may be located in such utility and drainage easements and Declarant shall have no obligation to replace any such structures which may be removed or damaged due to maintenance, repair or other work performed in such easement areas. Declarant further specifically reserves unto itself, its successors and assigns, perpetual, alienable, commercial easements over and under all Lots along an area 5 feet in width inside each side boundary line of each Lot and 10 feet along the front and rear of each Lot for the purpose of installation, construction, maintenance, repair, replacement, use and operation of utilities and utility systems of all kinds (including but not limited to water, sewer, electric, and natural gas), drainage (including but not limited to storm water and surface drainage), and access. These easements shall be in addition to, and not in limitation of, any and all other easements reserved unto the Declarant herein. Declarant further reserves an easement of ingress and egress over and across all streets and roads of the Subdivision which such easements are and shall be for the purpose of ingress and egress to any property now owned or hereafter acquired by Declarant, its successors and assigns whether or not such property is made a part of the Subdivision and whether or not such property adjoins the Subdivision.

A perpetual easement is hereby granted for the site location of the wastewater treatment plant and upset basin, including but not limited to, the collection lines, mains, pumps, controls, electrical equipment, infiltration basins and services and connections, existing and proposed. A perpetual easement is also hereby granted in, around and upon the wastewater treatment plant, upset basin and infiltration basins as required by the North Carolina Department of Environmental and Natural Resources, Division of Water Quality. In addition, a perpetual easement 10 feet in width centered on collection and force mains for ingress, egress, regress and access to operate, maintain, repair and or upgrade the collection and force mains is hereby granted

Section 9. Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its Directors, officers, agents and employees, including but not limited to, any property manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours, whenever practicable.

Section 10 Sales Offices, Rental Offices, Property Management Offices and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant, its successors and assigns, the perpetual, alienable and transferable right and easement in and to the Subdivision for the maintenance of signs, sales offices, rental offices, property management offices and construction offices, together with such other facilities as in the sole opinion of Declarant reasonably may be required, convenient or incidental to the completion, management, rental, improvement and/or sale of Lots or Common Area. The Declarant also reserves the right to grant to any builder or builders the

right to operate and maintain builder sales offices at any location within the subdivision upon such terms and conditions as the Declarant in the Declarant's sole discretion may determine.

Section 11. Maintenance Easement. Subject to the other terms of this Declaration, there is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns an alienable, transferable and perpetual right and easement to enter upon any unimproved portions of any Lot for the purpose of landscaping, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing rubbish and trash, so as to maintain reasonable standards of health, fire safety and appearance within the Subdivision; provided that such easements shall not impose any duty or obligation upon the Declarant or the Association to perform any such actions. Furthermore, there is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement, but not the obligation, to maintain and/or repair the outer portions of any building, if the Owner shall fail to maintain such building in keeping with the standards of the Subdivision. The cost of such maintenance and/or repair shall constitute a special assessment against the Lot on which the building is located and the Owner of said Lot as provided in Article VII herein.

Section 12. Road Construction Easement. Declarant reserves a temporary construction easement of twenty-five (25) feet in width along both sides and running parallel to streets and roads, alleys and private lanes which easements shall expire twenty four (24) months after the particular road construction commences. Should it be necessary due to terrain and site conditions, Declarant has at its sole discretion the right to extend the width of the temporary construction easement.

ARTICLE VII.

Assessments for the Maintenance and Operation of Common Area and Facilities

Section 1. Assessments, Liens and Personal Obligations Therefore, and Operation Maintenance of Common Area Solely by the Association.

(a) Each and every Owner of any Lot(s) or within the properties, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) annual assessments or charges; and, (2) special assessments for capital improvements, and (3) individual assessments. Said assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided shall be a charge on the land and shall be a continuing lien upon the Lot(s) against which each such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall also be the personal obligation of the Owner of such Lot(s) at the time when the assessment fell due.

(b) The Assessment levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare of Owners of Lots in the Subdivision, and in particular for the improvement and maintenance of the Common Area and, upon determination

by the Board of Directors, improvements located outside of the Subdivision (including, without limitation, identification and/or directional signage [including landscaping] either exclusively or in cooperation with other association or parties) now or hereafter designated or existing, including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereof, the cost of labor, equipment, materials, management and supervision thereof, the employment of attorneys, accountants, property managers and other professionals to represent the Association when necessary and such other needs as may arise. In the event that Declarant performs any of the foregoing services for Association, including, but not limited to, accounting and bookkeeping services, it shall have the right to receive a reasonable fee therefore and such shall not be deemed to be a conflict of interest.

Section 2. Amount and Payment of Annual Assessment The initial annual assessment payable by each Owner shall be \$1,795.00 per Lot per calendar year. Upon the closing of the initial sale of each Lot by Declarant, the purchaser of each Lot shall pay to the Association the annual assessment prorated for the current year. The annual assessment may be increased or decreased by the Board of Directors of the Association without a vote of the membership to an amount not more than a twenty (20%) percent difference in the annual assessment for the previous year. A majority vote of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease differs from the assessment for the previous year by more than twenty (20%) percent. In determining the annual assessment, the Board of Directors of the Association shall appropriate an amount sufficient to pay the costs of insuring, maintaining, replacing, protecting and operating the Common Area and performing the other exterior maintenance required to be performed by the Association under this Declaration including establishing and maintaining adequate reserves. The Board shall fix the date of commencement and the amount of the Assessment against each Lot for each Assessment period (which shall be based on a calendar year), and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent to every Owner subject thereto. In the event that any Lot is subject to an assessment for only part of a calendar year, then the amount of such assessment shall be prorated based on the portion of the assessment period for which such Lot is subject to an assessment.

In the event that two Lots are combined for the purpose of providing one building site, such Owner shall pay an assessment for each of the original lots as if they had not been combined. Each annual Assessment shall be fully payable in advance on the 1st day of January each year, but the Board of Directors of the Association shall have the option to permit payments in such installments and at such times as it shall determine. The exact amount of each annual Assessment shall be fixed by the Board of Directors of the Association.

The Association shall, upon demand at any time, furnish to any Owner liable for any assessment, a certificate in writing, signed by an officer of the Association or by the Association Manager, setting forth whether said assessment has been paid. Such certificate shall be in recordable form and shall be conclusive evidence of payment status of any assessment therein stated to have been paid.

This Section shall not be amended as provided in Article XIV, Section 11 of this Declaration, to eliminate or substantially impair the obligation to fix the assessment at an amount sufficient to properly maintain and operate the Common Area and perform the exterior maintenance required to be performed by the Association under this Declaration.

Section 3. Special Assessments for Insurance and Capital Improvements. In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying unanticipated increases in insurance costs and for unexpected costs associated with the repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto. Provided that any such assessment shall have the assent of at least fifty-one (51%) percent of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The due date of any specified assessment shall be fixed in the Resolution authorizing such assessment.

Section 4. Individual Assessment. The Association may levy an individual assessment upon any Owner to cover the costs incurred by the Association due to that Owner's failure to maintain their Lot and improvements pursuant to the standards set forth in this Declaration, or to reimburse the Association for any damage to any Common Area property caused by any Owner or their tenant or invitee, or for any other purpose permitted by this Declaration or any Supplemental Declaration (the "Individual Assessments"). Individual Assessments shall be due and payable within thirty (30) days after written notice from the Association.

Section 5. Paid Professional Manager. The Board of Directors of the Association may employ a professional manager or managerial firm to supervise all the work, labor, services and material required in the operation and maintenance of the Common Area and in the discharge of the Association's duties. The Association and its professional manager or managerial firm shall have the right to levy, charge, or attempt to collect a service, collection, consulting, or administration fee from any lot owner.

Section 6. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner: The Lien. Remedies of Association. If any assessment (or reimbursement under Article IV Section 2 of this Declaration) is not paid on the date when due, then such assessment shall be deemed delinquent and shall, together with such interest thereon and cost of collection thereof as are hereinafter provided, continue as a lien on the Lot(s) which shall bind such Lot(s) in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such assessment or reimbursement, however, shall remain his personal obligation.

Any assessment not paid within thirty (30) days after the due date shall be subject to such late charges and shall bear interest at a rate per annum as shall be determined by the Board of Directors of the Association, with interest rate shall not exceed the highest rate of interest allowed by law. The initial late charge imposed for late payment of any assessment is \$20.00 and shall be charged as to any assessment that is not paid within 30 days of its due date. The initial interest rate for late payment is 18% per year (1.5% per month) which shall commence to accrue on any assessment or other account balance that is not paid within thirty (30) days of the date due. The initial date upon which liens may be filed for failure to make payment of assessments and other charges is thirty (30) days after the due date. The Board of Directors may change the initial late charge, interest rate, due dates and lien assessment date by majority vote of the directors.

In the event the Owner of any lot fails and refuses, after demand by the Association, to pay any annual or special assessment, then the Association may bring legal action against the

then Owner personally obligated to pay the same or may enforce or foreclose the lien against the Lot(s) in the same manner as a mortgage is foreclosed; and in the event a judgment is obtained, such judgment shall include interest on the assessment or reimbursement as above provided and reasonable attorney's fees and late charges together with the costs of the action. The Association may further file a notice of lien in the public records of Onslow County, North Carolina and enforce assessment obligations as permitted by law, including without limitation, by filing and foreclosing a claim of lien in accordance with the procedures set forth in N.C.G.S. §47F-3-116, and/or by bringing an action at law against the Owner personally obligated to pay the assessment. Each Owner, by his acceptance of a deed to a Lot, expressly grants to and vests in the Association or its agents the right and power to bring such action or foreclosure. Foreclosure may be accomplished in an action brought in the name of the Association in the manner that a foreclosure of a mortgage or deed of trust would be brought under Chapter 45 of the North Carolina General Statutes, or as otherwise expressly provided by law, and each Owner grants to the Association a power of sale in connection with any such charge or lien. The Association, acting on behalf of the Owners, shall have the power to bid on any Lot and to acquire and hold, lease, mortgage and convey the same. **NO OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR THE ASSESSMENTS PROVIDED FOR HEREIN BY NON-USE OF THE COMMON AREA OR ABANDONMENT OF HIS LOT.** In accordance with the Association, by and through its Board of Directors, shall have the authority to compromise and settle claims for assessments upon a majority vote upon good cause shown.

Section 7. Subordination of the Lien to Mortgages. The lien of the assessments (and reimbursement) provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon any Lot held by a commercial or savings bank, trust company, credit union, industrial loan association, insurance company, pension fund, or business trust, including but not limited to a real estate investment trust, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution or agency which has insured the loan of any such lender, or any combination of any of the foregoing entities; provided, however, that a sale or transfer of any Lot pursuant to a decree of foreclosure or pursuant to any proceeding in lieu of foreclosure, shall not relieve such Lot from liability for any assessments which thereafter become due, nor form the lien of any subsequent assessment. Said assessment liens, however, shall be subordinate to the lien of any such mortgage or mortgages hereafter placed upon the Properties subject to assessment.

Section 8. Exempt Property. All Common Area subject to this Declaration shall be exempted from the assessments, charges and liens created herein.

ARTICLE VIII.

Architectural Standards and Control

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the Committee established in Section 1 of this Article VIII. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No construction, which term shall include, without limitation, staking, clearing,

excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements hereof have been fully met and until the written approval of the Architectural Review Committee has been obtained.

Section 1. Architectural Review Committee The Architectural Review Committee (ARC) shall have exclusive jurisdiction over all construction on any portion of the Properties, including but not limited to the authority to review and approve all proposed Site Plans showing where improvements are to be erected. The ARC shall prepare and, on behalf of the Board of Directors, shall promulgate Architectural Review Guidelines ("Guidelines") which include the Application for Preliminary Architectural Review, the Application for Final Architectural Review, Summerhouse on Everett Bay Guidelines Pattern Book, Summerhouse on Everett Bay Approved Plant List and such other Rules and Regulations as the ARC deems necessary. The Guidelines, Pattern Book, Plant List, Review Process and Rules and Regulations shall be those of the Association, and the ARC shall have sole and full authority to prepare and to amend in its sole discretion these documents. It shall make them available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Subdivision and who shall conduct their operations strictly in accordance therewith. As long as Declarant owns any Lots which are subject to this Declaration or retains the right to add additional phases, the Declarant retains the right to appoint all members of the ARC, which shall consist of at least three (3), but no more than five (5) persons. The members of the ARC do not have to be Owners. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members of the ARC. The ARC shall also have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Lots, Buffer Areas, Private Open Spaces and Common Areas. The right of approval herein reserved and granted shall include, without limitation, the right to designate or re-designate which Lot line shall be the "front" in the case where a Lot is bordered by more than one street.

The ARC shall promulgate detailed standards and procedures governing its area of responsibility and practice. In addition thereto, the following shall apply: Plans and specifications showing the nature, kind, shape, color, size, materials and location of such modifications, additions, or alterations shall be submitted in advance to the ARC for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his/her Dwelling or to paint the interior any color desired. In the event the ARC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) calendar days after submission, the plans shall be deemed approved; provided, however, that no such failure to act shall be deemed an approval of any matters specifically prohibited by any other provision of this Declaration. Refusal or approval of plans, specifications, and plot plans or any of them may be based on any grounds, including purely aesthetic grounds, which, in the sole and uncontrolled discretion of the ARC, may deem sufficient. The approvals required pursuant to this Article shall be in writing and are in addition to any approvals required by other applicable governmental authority.

Nothing in this Declaration shall be construed to prohibit the ARC from promulgating different

Guidelines and/or Procedures for each Phase or portion thereof of the Properties and the ARC is specifically authorized to do so. Additionally, all reasonable costs incurred by the ARC in reviewing and approving applications to the ARC shall be the responsibility of the applicant. Unless specifically waived by the ARC, all applications and submissions of plans for approval by the ARC must be accompanied by an Architectural Review Fee of \$500.00 or such other sum as is established by the ARC from time to time. Optional, preliminary plan approval may be obtained by submitting plans accompanied by a Preliminary Review Fee of \$250.00 or such other sum as is established by the ARC from time to time. See Architectural Guidelines.

Actual construction of Dwellings and other improvements shall be the responsibility of the Owner of the Lot and the Owner's builder. Any permission granted for construction under this covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, expressed or implied, by the Declarant or the ARC or its designated agent of the structural stability, design or quality of any building or other improvement or of the contractor who constructs such buildings or other improvements.

Section 2. Buildings, Fences, Walls, Etc. No building, fence, wall, deck, trellis, gazebo, boat house, or other structure, and no change in topography, landscaping, or any other item originally approved by the ARC, shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and locations of the same shall have been submitted to and approved in writing as to the harmony of the external design and location in relation to the surrounding structures and topography by the ARC. Any change in exterior appearance of any building, wall, fence, or other structural improvements and any change in the appearance of the landscaping shall be deemed an alteration requiring approval.

Section 3. Docks, piers, landings, wharfs and seawall/bulkheads. No dock, pier, landing, wharf, seawall/bulkhead, retaining wall or other structure shall be constructed, placed or allowed to remain on any body of water, water course or the Intracoastal Waterway, unless approved in writing by the Declarant.

Section 4. Compliance with Stormwater Management Acts. All construction within Summerhouse on Everett Bay shall comply with Title 15 NCAC 2H.1000, the Coastal Stormwater Management Regulation:

- (a) Which is intended to ensure ongoing compliance with State Storm Water Management Permit Number SW8060509, 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) These covenants are to run with the land and be binding on all persons and parties claiming under them.
- (d) The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.
- (e) Alteration of the drainage as shown on the approved plan may not take place without

the concurrence of the Division of Water Quality.

(f) The maximum allowable built-upon area per lot is:

Lot Numbers	Vested Impervious Area Sq. Ft.
93-277, 624-793 & 796-834	2,800
1-51, 365-397, 522-539, 837-869, 897-926, 977-1029	3,200
52-92, 278-339, 419-505, 567-620, 794 & 795, 835 & 836	3,500
340-364, 398-418, 506-521, 540-566, 621-623	4,000
870-896, 927-976	4,500

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

(h) Each lot will maintain a 30' wide vegetated buffer between impervious areas and surface waters.

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

(j) Filling in, piping or altering any designated curb outlet swale associated with the development is prohibited by any person.

Section 5. Compliance with Wetland & Buffer Regulations.

In accordance with Title 15ANCAC2H.500, it has been determined that "A portion of lot numbers 12, 13, 61-73, 75-79, 85-87, 89, 93-94, 98, 99, 101-103, 105-113, 115-121, 123-130, 133-144, 147, 148, 153-223, 250-252, 259-262, 384-388, 404, 405, 482-485, 499, 502, 515-520, 524-535, 537, 538, 621-651, 655-658, 661-680, 684-710, 716, 717, 721-738, 741-769, 812-821, 842, 850-864, 868-872, 875, 876, 880, 881, 882-889, 926-929, 934-950, 964, 977-979, 988-991, 999-1029, located in the Summerhouse on Everett Bay Subdivision, Onslow County, North Carolina as

shown on plans prepared by Carolina Engineers, P.A. dated June 13, 2006; meet the requirements for designation as a wetland, stream or protected stream buffer. Any subsequent fill or alteration of this area shall conform to the requirements of the state rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this provision is to prevent additional wetland, stream or buffer filling or draining, so the property owner should not assume that a future application for filling or draining would be approved. The property owner shall report the name of the subdivision in any application pertaining to said rules. This covenant is intended to ensure continued compliance with all rules adopted by the State of North Carolina and therefore the State of North Carolina may enforce benefits. This covenant is to run with the land and shall be binding on all Parties and all persons claiming under them”.

Section 6. CAMA Minor Permit Program. Any structure located on Lots **185-187, 204-206, 674 and 675** which are located within the 75' buffer located off of the MEAN HIGH WATER LINE are subject to the CAMA Minor Permit Program.

Section 7. Declarant's right to exercise Architectural Review Authority .

Notwithstanding the above sections, Declarant, in Declarant's sole judgment and discretion, reserves the right and option to exercise Architectural Review Authority without establishing an ARC until such time as Declarant relinquishes Class B membership status.

Section 8. Construction Bonds .

(a) **Contractor Performance Bond.** Prior to commencement of work, builders will be required to post a Contractor Performance Bond with the ARC in the amount of \$1,500.00 or such other sum as is established by the ARC from time to time, to ensure that the contractor, during construction, keeps the property in a neat, clean, workmanlike manner and to ensure that the contractor completes improvements in accordance with the approved plans and specifications. Should the same not be done at the end of any business day or the end of construction, as appropriate, some or all of the bond may be used to bring the contractor into compliance with approved plans, and for any necessary site maintenance. Any portion of the Contractor Performance Bond remaining at the end of construction and issuance of the certificate of occupancy will be refunded to builder/contractor. See Architectural Guidelines.

(b) **Road Bond.** Prior to commencement of construction, the Contractor shall submit a \$2,500.00 road bond, or such other sum as is established by the ARC from time to time, to ensure that streets and curbs in front of subject lot are maintained, throughout the construction process, in the same good quality condition as they were in when construction began and to ensure the proper reseeding, and clean-up of right-of-ways and drainage swales for any damage by contractor and its agents. Any portion of the road bond not applied to necessary repairs will be refunded at the end of construction. See Architectural Guidelines Article 3.10.

(c) **Section 9. Variances.** The ARC may authorize variances from compliance with any of the architectural provisions of this Declaration or the Architectural Review Guidelines, including without limitation restrictions upon height, size or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and must be signed by at least two (2) members of the ARC and shall be effective upon delivery to

the Owner. If such variances are granted, no violation of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or the Architectural Review Guidelines for any purpose except as to the particular Lot and improvements and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Lot, including but not limited to zoning ordinances and setback requirements imposed by Onslow County.

Section 10. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed House or other Improvement shall be permitted to exist on any Lot except during such reasonable time period as is necessary for completion. All construction must be completed within one (1) year after the date upon which it commenced, unless a longer time is approved by the Architectural Review Committee. Any damage to the Roadways, curbs or sidewalks or any part of the Common Area or any utility system caused by an Owner or Owner's builder or his subcontractors shall be repaired by such responsible Owner. Any builder of Improvements and his subcontractors on any portion of the Property shall keep such portion of the Property free of construction debris, in accordance with the construction rules established by the Architectural Review Committee or, in the absence of such rules, in accordance with standard construction practices, and shall similarly keep the Lake and contiguous public and private areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of Improvements. The Board may levy a Special Individual Assessment against an Owner's property in the Subdivision to pay for the cost of repairing any damage to Roadways, curbs or sidewalks or any part of any Roadway, Common Area, or utility system, to pay for the cost of cleaning public and private areas, including the Roadways in the Subdivision and to pay for the cost of the removal of garbage, trash or other debris, which are occasioned by the activities of an Owner or Owner's builder or his subcontractors during the construction of Improvements.

Section 11. Flood Zones. Some lots or portions thereof may be located within various flood zones. Construction must comply with all applicable Federal, State and local laws, rules and regulations. Flood insurance may be required.

Section 12. Damage to any Improvements. Lot Owner agrees to be and remain responsible for any damage to any of the improvements to the subdivision (including, without limitation, damage to street paving, curbing, sidewalks, storm drainage, utility lines and any other improvements) related to or resulting from Lot Owners acts or omissions and/or those of his contractors or suppliers who work for Lot Owners or make deliveries to the lot on Lot Owners behalf.

ARTICLE IX.

Exterior Maintenance, Reasonable Access and Maintenance of Common Area

Section 1. Exterior Maintenance. The Owner shall maintain the structures and grounds on each Lot at all times in a neat and attractive manner. Upon the Owner's failure to do so, the Declarant, or the Association (after the termination of Class B membership status of Declarant) may, at its option, after giving the Owner ten (10) days written notice sent to his last known