

address, or to the address of the subject premises, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in its judgment, and have dead or diseased trees, shrubs, vegetation or dangerously leaning trees or limbs removed from such Lot, and replaced, and may have any portion of the Lot resodded or landscaped, all of which shall not be deemed a trespass, and all expenses of the Association under this provision shall be a lien and charge against the Lot on which the work is done and the personal obligation of the then Owner of such Lot. The Declarant or the Association, and its assigns, may likewise, after giving the owner 10 days written notice sent as aforesaid, enter upon such Lot(s) to remove any trash, debris or garbage which has collected on said Lot(s) without such entrance and removal being deemed a trespass, all at the expense of the owner of said Lot. Upon the Owner's failure to maintain the exterior of any structure in good repair and appearance, the Association may, at its option, after giving the Owner thirty (30) days written notice sent to the Owner's last known address, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an assessment against the Lot on which the work was performed, collectible in a lump sum secured by a lien against the Lot as herein provided.

Section 2. Access at Reasonable Hours. For the purpose of performing its function under this or any other Article of the Declaration, and to make necessary surveys in connection therewith, the Association, by its duly authorized agent and employees, or the Declarant during the period of development, shall have the right to enter upon any Lot at reasonable hours, on any day except Sundays and holidays, on reasonable prior notice.

Section 3. Maintenance of Common Area. It shall be the responsibility of the Association to maintain the Common Area. However, should the Declarant (prior to conveyance to the Association) or the Association (after the termination of the Class B status of Declarant), decide to transfer any portion or all of the areas designated or to become, by conveyance, Common Area to governmental authority, as they have the right to do, such duty to maintain same shall cease as to that portion so transferred.

Section 4. Removal of Obstructions, Debris, and Materials. The Association may remove any obstructions of any nature located within road right-of-ways or other Common Area including trees and shrubs which, in the opinion of the Association, either might produce a hazard or might interfere with the maintenance of the roads.

ARTICLE X.

Phased Development

Section 1. Initial Phase. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Onslow County, North Carolina, and is more particularly described on Exhibit "A" attached hereto and made a part and parcel hereof.

Section 2. Additional Phases. The Declarant may, at its option, from time to time bring other land under the provisions hereof by recording a Supplemental Declaration(s) stating its intention to so incorporate additional real estate. Declarant may incorporate such additional land under the provisions hereof in any number of additional phases as it may so desire and may, in

its discretion, change the character or nature of such future phases, including but not limited to changing the architectural theme, building materials, elevations, and minimum square footage requirements for buildings. Such Supplemental Declaration(s) shall not require the vote or consent of the Association or any Owner. Any such Supplemental Declaration(s) shall be effective upon the filing thereof in the public records of Onslow County, North Carolina. Such Supplemental Declaration shall describe the real property to be brought under the provisions hereof. Declarant may bring such additional real estate under the terms hereof either in whole or in part and may do so in multiple phases. Upon the Declarant's election to incorporate additional real estate hereunder, all of such real estate so incorporated shall be as fully covered hereby as if a part of the original Subdivision. All property so incorporated shall be subject to all the declarations, covenants, easements, liens, restrictions and duties as herein contained, together with such additional restrictions and obligations as Declarant may impose on the land being submitted to the provisions of this Declaration by such Supplemental Declaration(s). Declarant shall have the unilateral right to transfer to any other person or entity the said right to submit additional property to the provisions of this Declaration. Declarant shall have no obligation to develop any land adjoining the Subdivision in accordance with this Declaration and may develop same in any manner it may desire and further, Declarant, in the event that it should decide to develop any additional land located adjacent to the Subdivision, in its sole discretion, shall have no obligation to make same a part of the Subdivision or subject to this Declaration. THE DECLARANT SHALL BE UNDER NO OBLIGATION TO DEVELOP ADDITIONAL PHASES AND NONE OF THE REMAINING PORTION OF THE PROPERTY DESCRIBED HEREIN SHALL BE DEEMED A PART OF ANY SCHEME OF DEVELOPMENT UNTIL ACTUALLY BROUGHT UNDER THESE RESTRICTIONS AS HEREIN PROVIDED. THE RIGHT TO ADD FUTURE PHASES SHALL TERMINATE 15 YEARS FOLLOWING THE DATE OF THIS DECLARATION.

Section 3. Reservation of Additional Easements and Rights. Declarant reserves for itself and its successors and assigns as developer (and all conveyances by Declarant to Association of Common Area shall be deemed to automatically reserve) easements over, under and across all Common Area for ingress and egress and for construction and completion of construction and development of future phases including, without limitation, easements for the installation, construction, reconstruction, repair, maintenance and operation of all utility services; said easements to be in addition to and not in lieu of any other rights or easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its predecessors in title.

Section 4. Extension of Roads. Declarant shall have the right, but shall have no obligation, to extend any street or road now or hereafter within the Subdivision, without seeking the approval of Association or any other party, for the purpose of serving additional phases of the Subdivision and/or for serving other parcels of property not included within the Subdivision.

Section 5. Voting Rights. As each phase, if any, is added to the Subdivision, the Lots comprising such additional phase shall be counted for the purpose of voting rights.

Section 6. Identification of Additional Phases. Nothing in this Declaration shall prohibit Declarant from naming or identifying any Phase or portions thereof by a name other than "Summerhouse on Everett Bay" and any such other designation shall in no way prejudice the rights or obligations under this Declaration of any Owner of any Lot in any such section or Phase.

ARTICLE XI.

Rights of Mortgagees

Rights of Mortgagees or Third Parties. Should a mortgagee or third party acquire the rights of Declarant, by way of foreclosure or otherwise in adjoining or neighboring property contained within the property contiguous to the property subject to this declaration, as same may exist from time to time, it shall be allowed full use of all rights, easements, rights-of-way and utilities contained within the Subdivision for the purpose of serving such adjoining or neighboring areas. These rights shall also inure to the benefit of Declarant should it retain or be the Owner of any portion of said property. Any of such parties may elect to bring additional phases under this Declaration.

ARTICLE XII

Insurance and Casualty Losses

Section 1. Insurance. Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Areas. If blanket all-risk coverage is not reasonably available, then, at a minimum, an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount (as determined by the insurance underwriter) sufficient to cover one hundred (100%) percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

The Board shall also obtain a public liability policy covering the Common Areas, Association, and its Members for all damage or injury caused by the negligence of Association or any of its Members or agents. The public liability policy shall have at least a One Million and No/100 (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three Million and No/100 (\$3,000,000.00) Dollar limit per occurrence, and a Five Hundred Thousand and No/100 (\$500,000.00) Dollar minimum property damage limit.

Premiums for all insurance required under this Section shall be common expenses of the Association. This policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be a common expense of Association.

Cost of insurance coverage obtained by Association for the Common Area shall be included in the assessment.

All such insurance coverage obtained by the Board of Directors shall be written in the name of Association as Trustee for the respective benefited parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in North Carolina which holds a Best's rating of A or better as is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating;

(b) All policies on the Common Area shall be for the benefit of Association and Declarant shall be named as additional insured;

(c) Exclusive authority to adjust losses under policies in force on the Common Areas obtained by Association shall be vested in Association's Board of Directors;

(d) In no event shall the insurance coverage obtained and maintained by Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners; and

(e) Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against Association's Board of Directors, its manager, and Owners and their respective tenants, servants, agents, and guests;

(ii) that no policy may be canceled, invalidated, or suspended on account of the conduct of any director, officer, or employee of Association or its duly authorized manager without prior demand in writing delivered to Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by Association, its manager, its Owner, or mortgage;

(iii) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(iv) that no policy may be canceled or substantially modified without at least ten (10) days' prior written notice to Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. However, no fidelity bond shall be required as long as the Class B Member exists. The amount of fidelity coverage shall be determined in the Directors' best business judgment but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association.

The Association may purchase officers' and directors' liability insurance, if reasonably available, and the Board of Directors of Association approves the purchase of same. However, every director and every officer of the Property Owners Association shall be indemnified by Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party, or in which he/she may become involved by reason of his/her being or having been a director or officer of Association, whether or not he/she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any

claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, shall be retained by and for the benefit of Association and placed in a capital improvements account.

(b) If it is determined, as provided in Section 4 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Subsection (a) above. However, repair or replacement of the affected Common Area must be made unless prevented by law or governmental rule or regulation.

Section 3. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Common Areas. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Common Areas to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75%) percent of the total vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No mortgagee shall have the right to participate in the determination of whether the Common Area damaged or destroyed shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage and destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then, and in that event, the affected portion of the Common Area shall be restored to their natural state and maintained by Association in a neat and attractive condition.

Section 4. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Lots owned; provided, if the damage or destruction involves a Lot(s), only Owners of the

affected Lot(s) shall be subject to such assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE XIII

Dispute Resolution and Limitation on Litigation

Section 1. Agreement to Avoid Litigation. The Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Subdivision, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Section 2 below ("Claims") shall be resolved using the procedures set forth in Section 3 below in lieu of filing suit in any court.

Section 2. Claims Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Section 3 below.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 3 below:

- a. any suit by the Association against any Bound Party to enforce the provisions of Article VII (Assessments for the Maintenance and Operation of Common Area and Facilities);
- b. any suit by the Association to obtain a temporary restraining order, or other mandatory or prohibitive equitable relief, and such other ancillary relief as permitted to enforce the provisions of Article II (Uses of Property) or VIII (Architectural Standards and Control);
- c. any suit by an Owner to challenge the actions of the Declarant, the Association, the ARC, or any other committee with respect to the approval or disapproval of plans and specifications in accordance with Article VIII;
- d. any suit by an Owner to challenge the enforcement or application of specific use restrictions promulgated in accordance with the procedures set forth in Article II;
- e. any suit in which any indispensable party is not a Bound Party; and
- f. any suit which otherwise would be barred by any applicable statute of limitations.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 3 below.

Section 3. Mandatory Procedures .

- a. Notice . Any Bound Party having a Claim ("Claimant") against any other Bound

Party ("Respondent") (collectively the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

1. the nature of the Claim, including the Persons involved and Respondent's role in the Claim;
2. the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
3. claimant's proposed remedy; and
4. that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation and Mediation.

1. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.

2. If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of any North Carolina dispute resolution center or such other independent agency providing similar services upon which the Parties mutually agree.

3. If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided however, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

4. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

5. Within five days after the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

Final and Binding Arbitration.

1. If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration of the American Arbitration Association or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided however, nothing herein shall release or discharge Respondent from any liability to Persons other than the Claimant.

2. This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of North Carolina. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of North Carolina.

Section 4. Allocation of Costs of Resolving Claims.

a. Subject to Section 4(b), each Party shall bear its own costs, including any attorney's fees incurred, and each Party shall secure equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

b. Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs.

Section 5. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Section 3(b) and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party, thereafter fails to comply with the Award, then the other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 3. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties pro rata) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.

Section 6. Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by Members of the Association entitled to vote at a regular or special meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving the proceeding. This Section will not apply, however, to actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens); the imposition and collection of Assessments; proceedings involving challenges to ad valorem taxation; counterclaims brought by the Association in proceedings instituted against it; or actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members of the Association, and pursuant to the same procedures.

necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article XIII, if applicable.

Section 7. Miscellaneous Alternative Dispute Resolution Provisions.

a. Conflicting Provisions. Any conflict or discrepancy between the terms and conditions set forth in this Article XIII and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth herein will control.

b. TIME IS OF ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Article XIII will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

ARTICLE XIV

General Provisions

Section 1. Time of Essence. It is agreed that time is of the essence with regard to these restrictions, protective covenants, limitations, and conditions.

Section 2. Enforcement. Subject to the provisions of Article XIII hereof, in the event of a violation or breach of any of these restrictions by any Owner or agent, or agent of such Owner, Owners of Lots in the subdivision, or any of them, jointly or severally, Declarant, and/or Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any such event or to recover damages. In addition to the foregoing, Declarant, its successors and assigns, shall have the right, but shall be under no obligation, whenever there shall have been built on any Lot in the subdivision any structure which is in violation of these restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of Owner if, after thirty (30) days written notice of such violation, it shall not have been corrected by Owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservation, restriction, or condition contained in this Declaration, however, long continued, shall not be deemed a waiver of the rights to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. Should Declarant or Association employ counsel to enforce any of the foregoing covenants, condition, reservations, or restrictions because of a breach of the same, all costs incurred in such enforcement, including a reasonable fee for Declarant/Association's counsel, shall be paid by Owner of such Lot or Lots in breach thereof. Any amount assessed hereunder shall constitute a lien on such Lot and shall be enforceable as herein provided. Failure of Declarant, Association, or any Owner to enforce any covenant or restriction contained herein shall not be deemed a waiver of the right to do so thereafter. In addition, the Board of Directors shall have the authority to enforce the Covenants and Restrictions, including reasonable rules and regulations as outlined in the By-Laws.

Section 3. Fines, Association Administrative Proceedings Including Hearings Regarding Fines and Suspension of Services under N.C.G.S §47F-3-102(11) or (12) and N.C.G.S. §47F-3-107.1. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a reasonable fine or fines may be imposed upon an Owner for

failure of an Owner, his family, guests, invitees, Lessees or employees to comply with any covenant, restriction, rule or regulation, provided notice and hearing procedures set out in N.C.G.S. are followed. Once imposed, fines shall be treated as an assessment subject to the provisions for the collection of assessments. The Association may conduct any administrative proceedings permitted or provided for under the Declaration, the Act or as otherwise provided by law, including without limitation, the right of the Association, after notice and an opportunity to be heard, to (1) impose reasonable fines for violations of the Declarations, Bylaws, rules and regulations of the Association, or (2) to suspend privileges or services provided by the Association (except rights of access to lots) for reasonable periods for violations of the Declaration, Bylaws, and rules and regulations of the Association or during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer. Prior to pursuing the imposition of a fine or the suspension of privileges or services as allowed by the Act and as provided herein, the offending Owner will be notified and given ten (10) days in which to cure his violation or nonpayment. In the event the violation or nonpayment is not cured within this ten (10) day period, a hearing shall be held before an adjudicatory panel appointed by the Board to determine if the offending Owner should be fined or if privileges or services should be suspended. If the Board fails to appoint an adjudicatory panel to hear such matters, hearings shall be held before the Board. The offending Owner charged shall be given notice of the charge, an opportunity to be heard and to present evidence and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed one hundred dollars (\$100.00) may be imposed for the violation and without further hearing, for each day following the fifth day after the decision that the violation occurs; provided, however, that fines imposed shall be subject to the following minimums:

- (i) The fine for the first violation or the first day of any continuing or repetitive violation shall not be less than \$25.00.
- (ii) The fine for the second violation or the second day of any continuing or repetitive violation shall not be less than \$50.00.
- (iii) The fine for the third violation or the third day and subsequent days of any continuing or repetitive violation shall not be less than \$100.00.

Fines imposed shall be assessments secured by liens under N.C.G.S. §47-3-116. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the delinquency is paid if imposed pursuant to §47F-3-102(11) or until one violation is cured or sixty (60) days, whichever is longer, if imposed pursuant to §47F-3-102(12).

The Association may institute actions or proceedings permitted by law or the Act to collect any sums due and owing to it.

Section 4. Responsibility of Declarant . Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In addition, nothing contained in this Declaration shall be deemed to be a representation by Declarant with regard to the requirements of any governmental authority and it shall be the duty of each Owner to comply with any such requirements in addition to the provisions of this Declaration.

Section 5. Rule Against Perpetuities . In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in the event, such term shall be reduced to a

period of time which shall not violate the rule against perpetuities or any other law of the State of North Carolina, and such provision shall be fully effective for said reduced period of time.

Section 6. Binding Effect. All covenants, conditions, limitations, restrictions, easements, and affirmative obligations set forth in this Declaration shall be binding on the Owners of the Lot(s) or Multi-Family Unit(s) and their respective heirs, successors, and assigns, and run with the land. All rights, easements and agreements reserved by or granted to Declarant herein shall inure to the benefit of Declarant, its successors and assigns including, without limitation, the right to develop and submit additional phases. Declarant reserves the right in addition to all other rights of Declarant, to assign its rights of consent and approval as set out in this Declaration and any amendment hereto or supplement thereof, to the Association, or any assignee of Declarant's development rights. At such time as Declarant, its successors and assigns no longer owns any Lots or property in the Subdivision, any right of approval reserved to Declarant by this Declaration shall be exercised by the Association.

Section 7. The Project. The term "Summerhouse on Everett Bay", "Project", "Properties" or any synonymous term shall be deemed to mean the Lots designated as Lots 1 through 1029 on the recorded plats of the Project, together with any common areas designated as such. No areas lying outside of these Lots, designated areas and streets shall be considered a part of the Project unless and until such area has been submitted to the terms and provisions of this Declaration in accordance with the terms hereof.

Section 8. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by Declarant, Association, or Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors, and assigns. The covenants and restrictions of this Declaration may be terminated only by agreement of Owners to which at least ninety percent (90%) of the votes in the Association are allocated.

Section 9. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner of the records of Association at the time of such mailing.

Section 10. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 11. Amendment. This Declaration may be amended as provided in N.C.G.S. § 47F-2-117. These covenants, restrictions, easements, charges, and liens of this Declaration may be amended, changed, added to, derogated, or deleted at any time and from time to time upon sixty seven percent (67%) vote of the membership in the Association, provided, that so long as the Declarant is the Owner of any Lot affected by this Declaration, the Declarant's consent must be obtained. Provided further, that the provisions for voting of Class A and Class B Members as hereinabove contained in this Declaration shall also be effective in voting for changes in this Declaration. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designated for that purpose and recorded in the Office of the Register of Deeds.

Section 12. Amendment Prior to First Conveyance by Declarant. At any time prior to the closing of the first conveyance of a Lot by Declarant, the Declarant, and any mortgage holder, if any, may amend this Declaration by mutual consent. The closing of the first sale shall mean transfer of title and delivery of a deed and not execution of a contract of sale or a like document.

Section 13. Amendment of Declaration Without Approval of Owners. So long as it owns any portion of the Subdivision, the Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration:

- (a) to conform to the requirements of any law or any governmental agency having legal jurisdiction or permitting authority over the Subdivision;
- (b) to qualify the Subdivision or any Lots and improvements thereon for mortgage or improvement loans; or
- (c) to make amendments which are correctional in nature only and do not involve a change which materially and adversely affects the rights, duties or obligations herein.

A letter from an official of any such governmental Agency, including without limitation, the Veterans Administration, the Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, the Governmental National Mortgage Association of the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such agency shall be sufficient conform to such request or suggestion. Such amendment shall become effective upon the date of its recordation in the Office of the Register of Deeds.

Section 14. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it is a Class B Member of the Association, and, thereafter, the Board, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Office of the Register of Deeds.

Section 15. Changes to Plans for the Subdivision. Nothing contained herein shall be deemed to incorporate, by reference or otherwise, any plans or proposals promulgated by Declarant with respect to the development of the Subdivision, and Declarant, subject to the covenants, conditions and restrictions contained in this Declaration and any Supplemental Declaration and any Supplemental Declaration, reserves the right to change any plans for the Project at any time and from time to time as Declarant may determine to be necessary based upon Declarant's continuing research and design program and/or market conditions. Any plans for the Project shall not bind Declarant or its successors and assigns to adhere to such plans in the development of the Property or any part thereof. In addition, Declarant reserves the right to change, from time to time, the uses and densities that exist on any portion(s) of the Property owned by Declarant, subject to the covenants, conditions and restrictions contained in this Declaration and any Supplemental Declaration.

Section 16. Assignment of Declarant Rights. Declarant reserves the right to assign its rights to a successor or assign who also assumes Declarant's responsibilities.

Section 17. Effective Date. This Declaration shall become effective upon its recordation in the Office of the Register of Deeds for Onslow County, North Carolina.

Section 18. Plat. Reference to Exhibit A, "plat", "map" or other term synonymous therewith shall mean and include Exhibit A as recorded herewith and all subsequent revisions thereof as and when recorded in the Office of the Register of Deeds for Onslow County, North Carolina.

Section 19. Access Control – Recreational Amenities. The Association shall have the right and authority, but not the obligation, to control access to the Common Area and any Recreational Amenity or any portion thereof by such means as the Board, in its discretion, deems reasonable and appropriate. This authority shall include, but shall not be limited to, the right to construct, install, operate, and staff entrance gates; to require identification for admission to the Common Area and any Recreational Amenity; to videotape or otherwise record and document all Persons and vehicles entering or exiting the Common Area or any Recreational Amenity; to screen and/or require registration of vehicles, guests, and others entering the Common Area or any Recreational Amenity; and to deny entry to the Common Area or any Recreational Amenity to unauthorized Persons. Unauthorized Persons include Persons other than Owners, residents, and their guests and invitees; police, fire, and emergency medical personnel in the performance of their official duties; and Association-authorized agents, contractors and service providers.

Section 20. Safety and Security. The Association, the Board, its directors and officers, Declarant, and, their respective agents, assigns, or employees shall not be considered insurers or guarantors of security or safety within Summerhouse on Everett Bay, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security or safety measures undertaken. No representation or warranty is made that any safety measure or security system, including any mechanism, system, or procedure for limiting access to any portion of Summerhouse on Everett Bay, cannot be compromised or circumvented, nor that any such systems or measures undertaken will in all cases prevent loss or provide the detection or protection for which it is designed or intended. Each Owner, resident, guest, and invitee acknowledges and agrees that the Association, the Board, its directors and officers, Declarant, and their respective agents, assigns, and employees are not insurers and that each person using the Community assumes all risks for personal injury and loss or damage to property resulting from acts of third parties.

Section 21. Recreational Amenities. The use and enjoyment of any recreational facility involves risk of personal injury or damage to property. Each Owner acknowledges and understands, and covenants to inform its tenants and all occupants of its Lot, that the Association, its Board and committees, and Declarant are not insurers of personal safety and that all such Persons assume all risks of personal injury and loss or damage to property resulting from the use and enjoyment of any Recreational Amenity the Association operates or maintains.

**EACH OWNER (INDEMNITOR) AGREES AND DOES HEREBY
RELEASES AND DISCHARGES THE DECLARANT, THE ASSOCIATION, THE
BOARD AND ANY COMMITTEES, THEIR SUCCESSORS AND ASSIGNS, AND
ALL OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AND THEIR**

SUCCESSORS IN OFFICE, EMPLOYEES, ATTORNEYS, DESIGNEES, REPRESENTATIVES AND AGENTS, HEREINAFTER COLLECTIVELY AND SEVERALLY REFERRED TO AS "INDEMNITIES" FROM AND AGAINST ALL LIABILITY FOR, AND ASSUMES THE RISK OF ALL LOSSES, EXPENSES, LIENS, CLAIMS, DEMANDS, DAMAGES AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER WHATSOEVER FOR DAMAGE TO THE PROPERTY OF INDEMNITIES AND INDEMNITIES, LESSEES, TENANTS AND INVITEES AND FOR THE PERSONAL INJURY TO OR DEATH OF ANY PERSONS (INCLUDING BUT NOT LIMITED TO INDEMNITOR, ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, DESIGNEES, REPRESENTATIVES, TENANTS, SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS OF INDEMNITOR) AND/OR DAMAGE TO ANY PROPERTY (INCLUDING BUT NOT LIMITED TO PROPERTY BELONGING TO INDEMNITOR, ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, DESIGNEES, REPRESENTATIVES, TENANTS SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS) AND FOR ANY OTHER LIABILITY, DAMAGES, FINES OR PENALTIES (EXCEPT WHERE REIMBURSEMENT FOR FINES OR PENALTIES IS PROHIBITED BY APPLICABLE LAW), INCLUDING COSTS, EXPENSES, PENALTIES AND INTEREST, ATTORNEY FEES AND SETTLEMENTS HEREINAFTER REFERRED TO COLLECTIVELY AND SEVERALLY AS "CLAIMS", ARISING OUT OF OR IN ANY WAY CONNECTED WITH OR RELATING TO THE USE OF ANY RECREATIONAL AMENITY, INCLUDING THOSE CLAIMS CAUSED BY ANY OR ALL OF THE INDEMNITIES. THIS INDEMNITY AGREEMENT SHALL INCLUDE CLAIMS ARISING OUT OF, BROUGHT BY OR CAUSED, IN WHOLE OR IN PART BY

INDEMNITIES, ITS OFFICERS, DIRECTORS, EMPLOYEES, TENANTS, SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS OF INDEMNITIES, AND INDEMNITOR EXPRESSLY AGREES TO DEFEND, INDEMNIFY, REIMBURSE AND HOLD INDEMNITIES, ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, DESIGNEES, REPRESENTATIVES, TENANTS, SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS, HARMLESS FROM ALL "CLAIMS" OF ANY KIND OR CHARACTER, INCLUDING BUT NOT LIMITED TO CLAIMS IN ANY MATTER RESULTING FROM, ARISING OUT OF OR CAUSED, IN WHOLE OR IN PART, BY INDEMNITIES', (INCLUDING ITS OFFICERS, DIRECTORS, EMPLOYEES, TENANTS, SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS) WILLFUL MISCONDUCT, NEGLIGENCE, GROSS NEGLIGENCE, DELIBERATE ACTS, STRICT LIABILITY IN TORT OR BREACH OF WARRANTY, EXPRESS OR IMPLIED, INCLUDING THAT CAUSED BY ANY OF THE INDEMNITIES' OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, DESIGNEES, REPRESENTATIVES, TENANTS SUBCONTRACTORS, SUPPLIERS, INVITEES OR LICENSEES AND AGENTS ACTIVITIES, DIRECTLY OR INDIRECTLY, RELATED TO THIS SUBDIVISION.

THE FOREGOING INDEMNIFICATION SHALL NOT BE APPLICABLE TOWARD OR ENFORCEABLE IN FAVOR OF ANY INDIVIDUAL INDEMNITEE FOR A PARTICULAR CLAIM, INsofar AS THAT PARTICULAR CLAIM IS ADJUDICATED BY A COURT OF COMPETENT JURISDICTION, TO RESULT EXCLUSIVELY FROM THE GROSS NEGLIGENCE OR WILLFUL CONDUCT OF THAT INDEMNITEE SEEKING TO ENFORCE THE INDEMNIFICATION, BUT THE FOREGOING SHALL SPECIFICALLY INCLUDE CLAIMS RESULTING FROM THE NEGLIGENCE AND/OR CONTRIBUTORY NEGLIGENCE AND/OR CONCURRENT NEGLIGENCE OF ANY INDEMNITIES.

INDEMNITOR AND INDEMNITIES ACKNOWLEDGE THAT THIS STATEMENT AND THE FOREGOING INDEMNIFICATION UNDER THIS ARTICLE XIV, SECTION 21 COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS AND HAS BEEN REVIEWED AND APPROVED BY EACH INDEMNITOR PRIOR TO THE PURCHASE OF A LOT IN THE SUBDIVISION, AFTER CONSULTING WITH LEGAL COUNSEL OF THEIR CHOICE, PRIOR TO THE PURCHASE OF THE LOT. THE INDEMNIFICATION ARISING HEREIN SHALL SURVIVE THE OWNERSHIP OF A LOT IN THIS SUBDIVISION BY INDEMNITOR.

Declarant or the Association may, but shall not be obligated to, implement or maintain certain safety measures designed to decrease the chance of injury resulting from use of any Recreational Amenity; provided, neither the Association nor Declarant shall in any way be considered insurers or guarantors of the safety of any Person using such facilities. In addition, neither the Association nor Declarant shall be held liable for any loss or damage by reason of failure to provide adequate safety measures or ineffectiveness of safety measures undertaken. No representation or warranty is made that any safety measures undertaken will be undertaken, or if undertaken, will be effective, nor that any such measures will in all cases prevent any personal injury or loss or damage to property that the measure is designed or intended to prevent.

Section 22. Changes in Ownership of Lots. Each Owner is required to keep the Association apprised at all times of the current name of the Owner and its address. Within ten (10) days following the closing of any transfer of title, the Owner desiring to sell or otherwise transfer title to its Lot shall give the Board written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. In addition, within ten (10) days following any change in the name and address of the Lot Owner, the Owner shall give the Board written notice of the changed information and such other information as the Board may reasonably require.

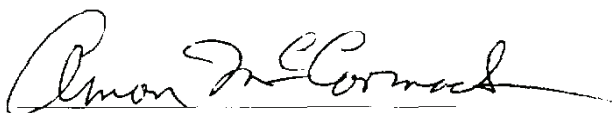
Section 23. Exclusive Rights to Use Name of Development. No Person shall use the name "Summerhouse on Everett Bay" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. The Association shall be entitled to use the words "Summerhouse on Everett Bay" in its name.


[Signatures on Following Page]

IN WITNESS WHEREOF, The Declarant, R.A. North Development I, Inc., has caused this instrument to be executed by its proper officers on June 16, 2006.

In the Presence of:

R.A. North Development I, Inc. (SEAL)



By: 
Randolph M. Allen, President

STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, NANCY J. MORRISON a Notary Public of the county and state aforesaid, certify that Randolph M. Allen personally appeared before me this day and acknowledged that he is President of R. A. North Development I, Inc. a North Carolina corporation, and by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by him as President. Witness my hand and official stamp or seal, this the 16th day of June, 2006.


Notary Public

My commission expires: 9/24/2010

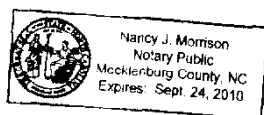


EXHIBIT "A"

Lying and being in Holly Ridge Township, Onslow County North Carolina, and being all of the numbered lots within Phase I of Summerhouse on Everett Bay Subdivision as shown on plats recorded in Book 51, Pages 42, 42 A-H, Onslow County Registry, reference to said plats being made for greater certainty of description.



Doc ID: 001172970005 Type: CRP
Recorded: 08/30/2006 at 12:11:25 PM
Fee Amt: \$26.00 Page 1 of 5
Onslow County, NC
Mildred M Thomas Register of Deeds

BK 2722 PG 338-342

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

Drawn by and mail to:
John B. Honeycutt, Jr.
Smith, Debnam, Narron, Wyche,
Saintsing & Myers, LLP
4201 Congress Street, Suite 460
Charlotte, NC 28209

→ Return to:
James W. Thompson, atty.
1207-C Arendell St.
Morehead City, NC
28557

STATE OF NORTH CAROLINA)
)
COUNTY OF ONSLOW)

KNOW ALL MEN BY THESE PRESENTS, that this First Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens (the "Supplemental Declaration") for Summerhouse on Everett Bay is made and entered into on this 21st day of August, 2006, by R.A. North Development I, Inc., a North Carolina Corporation (the "Declarant"), and supplements that certain Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Summerhouse on Everett Bay (the "Original Declaration") dated June 16, 2006 and recorded on June 21, 2006, in Book 2679 at Page 633, in the Office of the Register of Deeds for Onslow County, North Carolina.

WITNESSETH:

WHEREAS, Declarant is the owner of all that certain property shown on that certain map as recorded in Map Book 51, at Pages 42, 42A, 42B, 42C, 42D, 42E, 42F, 42G, 42H, 42I, 42J, 42K, 42L and 42M as is further clarified in those plats recorded in Plat Book 51, Pages 106, 106A, 106B, 106C, 106D, 106E, 106F, 106G, 106H, 106I, 106J, 106K, 106L, and 106M in the Register of Deeds Office for Onslow County, North Carolina;

WHEREAS, the Original Declaration has heretofore been imposed upon the Summerhouse on Everett Bay Subdivision and governs over that certain real property located in Onslow County, North Carolina, as further described in the Original Declaration (the "Original Property") and is incorporated herein by reference and made a part hereof as if set forth verbatim herein;

WHEREAS, the Original Declaration provides in Article XIV, Section 12 that Declarant may amend the Declaration at any time prior to the first conveyance from the subdivision and also provides in Article XIV, Section 13 that the Original Declaration may be amended by the Declarant to make amendments which are correctional in nature only and do not involve a change which materially affects the rights, duties, or obligations herein;

WHEREAS, Declarant desires to supplement the Original Declaration to make clerical changes to the original Declaration in order to correct errors and omissions in the Original Declaration;

WHEREAS, Declarant desires to amend the section regarding Architectural Standards and Control to require approval of preliminary plans;

WHEREAS, due to a clerical error in the Original Declaration, Declarant desires to bring Additional Property within the coverage of the Original Declaration;

WHEREAS, Declarant desires to restate the Original Declaration by reference to a subsequently-recorded plat because the plat referenced in Exhibit A of the Original Declaration is blurry and somewhat unclear;

WHEREAS, except as modified hereby, the definitions, terms, provisions, conditions and agreement contained in the Original Declaration remain and shall continue in full force and effect.

This Supplemental Declaration shall be binding upon and shall inure to the benefit of the parties and their respective transfers, successors and assigns. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Original Declaration.

NOW THEREFORE, in consideration of the foregoing, Declarant does hereby make such changes as set forth below;

1. Article VIII, Section 1 is hereby amended as follows: The next-to-last sentence of the third paragraph (the paragraph beginning at the bottom of page 25 of the Original Declaration and running to page 26) is hereby amended to delete the word "Optional" from the beginning of the sentence and further amended to read, "Preliminary plan approval is required in every instance and 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."

2. Article VIII, Section 4 is hereby supplemented as follows:

a. Subsection (f) is hereby supplemented by adding the following language after the inclusion of the table therein:

"The allotted amount includes any built-upon area constructed with the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or water surface of swimming pools.

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

b. Additional subsections designated as follows are hereby added:

a. Subsection (k) is added to read as follows, "Lots within CAMA's Area of Environmental Concern may be subject to a reduction in their allowable built-upon area due to CAM regulations."

b. Subsection (l) is added to read as follows, "All runoff on the Lot must drain into the permitted system. This may be accomplished through providing roof drain gutters which drain to the street, grading the lot to drain toward the street, or grading perimeter swales and directing them into the pond or street. Lots that will naturally drain into the system are not required to provide these measures."

3. Article VIII, Section 5 is supplemented to include the following additional lot numbers within the coverage of the first sentence of this section as set forth in the Original Declaration: **500, 501, and 933.**

4. Article VIII, Section 6 is supplemented to include the following additional lot numbers within the coverage of the first sentence of this section as set forth in the Original Declaration: **165, 170, 171, 172, 191, 192, 193, 194, 195, 196, 197, 198, 202 and 203.**

ADDITIONAL PROPERTY

5. Pursuant to Article X, Section 2, and based on a clerical error in the Original Declaration where only the numbered lots referenced in Exhibit A thereof were subjected to the Original


Declaration, Declarant desires to supplement the Original Declaration and incorporate Additional Property within the scheme and operation of the Original Declaration. Such Additional Property consists of that property covered by the plats referenced in Exhibit A of the Original Declaration (said plats are clarified by the plats subsequently-recorded and referenced herein) and is inclusive of and in addition to the numbered lots referenced therein. Therefore, in addition to the property referenced in the Original Declaration, the property referenced in **Exhibit A** hereto is hereby brought within the coverage and scheme of the Original Declaration as if part of the original Subdivision and part of the Original Declaration.

**RESTATEMENT OF ORIGINAL DECLARATION
BY REFERENCE TO NEW PLAT**

6. The plats referenced in the Original Declaration are somewhat unclear and blurry and for clarification purposes Declarant recorded those plats set forth in Plat Book 51, Pages 106, 106A, 106B, 106C, 106D, 106E, 106F, 106G, 106H, 106I, 106J, 106K, 106L, and 106M in the Office of the Register of Deeds for Onslow County, North Carolina. Declarant hereby restates all terms of the Original Declaration and all terms of this First Supplement and, in conjunction with said recorded plats, hereby encumbers all of the property set forth in said plats with the terms of the Original Declaration and this First Supplement.

IN WITNESS WHEREOF, Declarant has caused this Supplement to the Declaration of Covenants, Conditions and Restrictions for the Summerhouse on Everett Bay Subdivision to be properly executed as of the date first above written.

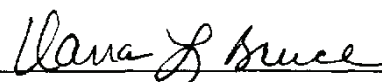
R.A. NORTH DEVELOPMENT I, INC.

By: 
Its: PRESIDENT

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

The undersigned, a Notary Public of the State and County aforesaid, does hereby certify that RANDOLPH M. ALLEN, the Declarant of the Summerhouse on Everett Bay Subdivision personally came before me this day and acknowledged the due execution of the foregoing instrument as his/her act and deed.

Witness my hand and notarial seal, this the 21 day of August, 2006


Notary Public

My commission expires: 10-23-2010

[Notary Seal]

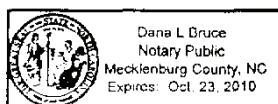



EXHIBIT A

Legal Description of Additional Property

All of that certain real property located in the Holly Ridge Township, County of Onslow, State of North Carolina being all of the property within the boundaries of the Summerhouse on Everett Bay Subdivision, Phase 1, as shown and designated on those plats recorded in Plat Book 51, Pages 42, 42A, 42B, 42C, 42D, 42E, 42F, 42G, 42H, 42I, 42J, 42K, 42L, and 42M including but not limited to all streets, common areas, lakes, ponds, amenities as shown on said plats, as is more clearly and further depicted on those plats recorded in Plat Book 51, Pages 106, 106A, 106B, 106C, 106D, 106E, 106F, 106G, 106H, 106I, 106J, 106K, 106L, and 106M.

23
4 pgs



Doc ID: 002102190004 Type: CRP
Recorded: 10/05/2006 at 04:08:59 PM
Fee Amt: \$23.00 Page 1 of 4
Onslow County, NC
Mildred M Thomas Register of Deeds
BK 2744 PG 759-762

**SECOND SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
RESTRICTIONS, EASEMENTS, CHARGES
AND LIENS FOR
SUMMERHOUSE ON EVERETT BAY**

Drawn by:
John B. Honeycutt, Jr.
Smith, Debnam, Narron, Wyche,
Saintsing & Myers, LLP
4201 Congress Street, Suite 460
Charlotte, NC 28209

→ **AFTER RECORDING, RETURN TO JAMES THOMPSON, ATTORNEY, 1207-C
ARENDELL STREET, MOREHEAD CITY, NC 28557**

STATE OF NORTH CAROLINA)
)
COUNTY OF ONSLOW)

KNOW ALL MEN BY THESE PRESENTS, that this Second Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens (the "Supplemental Declaration") for Summerhouse on Everett Bay is made and entered into on this 4th day of October, 2006, by R.A. North Development I, Inc., a North Carolina Corporation (the "Declarant"), and supplements that certain Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Summerhouse on Everett Bay (the "Original Declaration") dated June 16, 2006 and recorded on June 21, 2006, in Book 2679 at Page 633, and is in addition to that certain First Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens ("First Supplement") recorded on August 30, 2006, 2006 in Book 2722 at Page 338 in the Office of the Register of Deeds for Onslow County, North Carolina ("Register's Office").

WITNESSETH:

WHEREAS, Declarant is the owner of all that certain property shown on those certain maps as recorded in Map Book 51, at Pages 218 and 218 A through 218 K in the Register's Office (hereafter "Additional Property");

WHEREAS, the Original Declaration has heretofore been imposed upon the Summerhouse on Everett Bay Subdivision and governs over that certain real property located in Onslow County, North Carolina, as further described in the Original Declaration (the "Original Property") and is incorporated herein by reference and made a part hereof as if set forth verbatim herein;

WHEREAS, the Original Declaration was supplemented and amended by the First Supplement;

WHEREAS, the Original Declaration provides in Article X, Section 2 that Declarant may bring the Additional Property within the coverage and scheme of the Original Declaration;

WHEREAS, Declarant desires to bring the Additional Property known as Phase 2 of the Summerhouse on Everett Bay Subdivision within the coverage and scheme of the Original Declaration as set forth herein, and make certain additions and amendments to the Original Declaration pertaining to Phase 2;

WHEREAS, except as modified hereby, the definitions, terms, provisions, conditions and agreement contained in the Original Declaration and First Supplement remain and shall continue in full force and effect. This Supplemental Declaration shall be binding upon and shall inure to the benefit of the parties and their respective transferees, successors and assigns. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Original Declaration.

NOW THEREFORE, in consideration of the foregoing, Declarant does hereby make such changes as set forth below:

1. Pursuant to Article X, Section 2, Declarant desires to supplement the Original Declaration and incorporate the Additional Property within the scheme and operation of the

Original Declaration and First Supplement, and to make certain additions and amendments thereto pertaining to such Additional Property. Such Additional Property consists of that property covered by the plats referenced in the Recitals above.

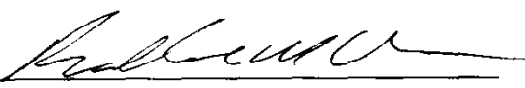
2. Therefore, in addition to the property referenced in the Original Declaration, the Declarant hereby brings and incorporates the Additional Property within the coverage and scheme of the Original Declaration as if part of the original Subdivision and part of the Original Declaration. Further, the Declarant hereby makes the following additions and amendments to the Original Declaration pertaining to such Additional Property:

a. By an Agreement dated June 20, 2006, between Declarant and Duplin Delta, LLC of record in book 2744, page 723, Onslow County Register's Office, certain reciprocal rights and obligations were granted and imposed upon the parties thereto regarding: (1) the granting of access rights by Declarant to the property of Duplin Delta over a project road to be known as King's Creek Crossing; (2) the releasing of certain access rights by Duplin Delta over an existing dirt road; (3) the granting of tap-in rights to utilities infrastructure by Declarant to Duplin Delta; and (4) provisions exempting the property of Duplin Delta, LLC from any restrictive covenants of Summerhouse on Everett Bay or any obligation to an association of property owners thereof. By the terms of such Agreement, such rights and obligations were binding upon the parties and their title successors, heirs, transferees, and assigns. Declarant hereby subjects the Additional Property to the provisions of said Agreement with respect to both the rights created and obligations imposed thereby, and amends the Original Declaration accordingly.

b. By an Agreement dated October 2, 2006 between Declarant and Xanadu Plantation, LLC of record in book 2744, page 743, Onslow County Registrar's Office, certain reciprocal rights and obligations were granted and imposed upon the parties thereto regarding: (1) the true location of the common boundary line separating the respective properties of the parties; (2) the releasing of certain access rights by Xanadu over an existing dirt road; (3) the releasing of a certain utility easement by Xanadu; (4) the granting of tap-in rights to utilities infrastructure by Declarant to Xanadu; (5) the construction and maintenance of a bermed buffer separating the properties of the parties; (6) the dedication of 15' environmental buffer areas; (7) certain provisions pertaining to the "Stump Pond" shown upon the recorded plat; and (8) provisions exempting the property of Xanadu from any restrictive covenants of Summerhouse on Everett Bay or any obligation to an association of property owners thereof. By the terms of such Agreement, such rights and obligations were binding upon the parties and their title successors, heirs, transferees, and assigns. Declarant hereby subjects the Additional Property to the provisions of said Agreement with respect to both the rights created and obligations imposed thereby, and amends the Original Declaration accordingly.

IN WITNESS WHEREOF, Declarant has caused this Supplemental Declaration to be properly executed as of the date first above written.

R.A. NORTH DEVELOPMENT I, INC.

By: 
Randolph M. Allen, Authorized Corporate Officer

STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

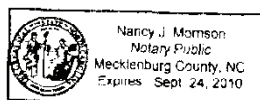
I, the undersigned Notary Public of the State and County aforesaid, do hereby certify that Randolph M. Allen, the authorized corporate officer of R. A. North Development I, Inc., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument by and on behalf of said corporation.

Witness my hand and notarial seal, this the 4th day of October, 2006

NANCY J. MORRISON Nancy Morrison
(Printed name and signature of Notary Public)

My commission expires: 9/24/2010

[Notary Seal]





Doc ID: 004439260002 Type: CRP
Recorded: 06/25/2008 at 02:23:20 PM
Fee Amt: \$17.00 Page 1 of 2
Onslow County, NC
Maryland K. Washington Reg. of Deeds

BK 3087 PG 580-581

— ➤ This instrument was prepared by James Thompson, Attorney, 1207-C Arendell Street, Morehead City, NC 28557.
After recording, please return to Mr. Thompson.

NORTH CAROLINA
ONSWLOW COUNTY

**THIRD SUPPLEMENT TO
DECLARATION OF PROTECTIVE COVENANTS,
RESTRICTIONS, EASEMENTS, CHARGES
AND LIENS FOR
SUMMERHOUSE ON EVERETT BAY**

KNOW ALL MEN BY THESE PRESENTS, that this Third Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens (the “Third Supplement”) for Summerhouse on Everett Bay is made and entered into on this 18 day of June, 2008, by R.A. North Development I, Inc., a North Carolina Corporation (the “Declarant”), and supplements that certain Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Summerhouse on Everett Bay (the “Original Declaration”) dated June 16, 2006 and recorded on June 21, 2006, in Book 2679 at Page 633; and is in addition to that certain First Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens (“First Supplement”) recorded on August 30, 2006 in Book 2722 at Page 338, and is in further addition to that certain Second Supplement to the Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens (“Second Supplement”) recorded in Book 2744 at Page 759, all references to the Office of the Register of Deeds for Onslow County, North Carolina (“Register’s Office”).

WITNESSETH:

WHEREAS, Declarant is the developer of that residential subdivision known as “Summerhouse on Everett Bay” in Onslow County, North Carolina, and has imposed upon such development the Original Declaration, and the First and Second Supplements; and

WHEREAS, the Original Declaration reserved to the Declarant the right to make nominal unilateral amendments to the Original Declaration that have no substantial effect upon the rights

of lot owners or others holding property rights in the development, and this Third Supplement is executed for this purpose.

WHEREAS, except as modified hereby, the definitions, terms, provisions, conditions and agreement contained in the Original Declaration and in the First and Second Supplements remain and shall continue in full force and effect. This Third Supplement shall be binding upon and shall inure to the benefit of the parties and their respective transferees, successors and assigns. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Original Declaration.

NOW THEREFORE, in consideration of the foregoing, Declarant does hereby make such changes as set forth below:

1. Section 7 ("Subordination of the Lien to Mortgages") of Article VII of the Original Declaration is hereby amended to include the words "a private lender" in the fifth line of the section, and immediately following the phrase "including but not limited to a real estate investment trust,".

IN WITNESS WHEREOF, Declarant has caused this Third Supplement to be properly executed as of the date first above written.

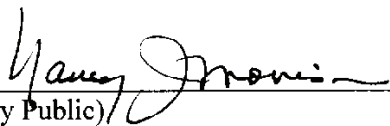
R.A. NORTH DEVELOPMENT I, INC.

By: 
Randolph M. Allen, Authorized Corporate Officer

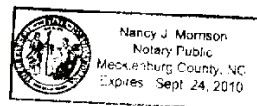
STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, the undersigned Notary Public of the State and County aforesaid, do hereby certify that Randolph M. Allen, the authorized corporate officer of R. A. North Development I, Inc., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument by and on behalf of said corporation.

Witness my hand and notarial seal, this the 18th day of June, 2008.

NANCY J. MORRISON 
(Printed name and signature of Notary Public)

My commission expires: 9/24/2010



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Doc ID: 007126050003 Type: CRP
Recorded: 02/05/2009 at 12:26:47 PM
Fee Amt: \$20.00 Page 1 of 3
Onslow County, NC
Rebecca L. Pollard Reg. of Deeds

BK **3177** PG **483-485**

✓ mail to: William Lynch
101 South Third Street
Wilmington NC 28401

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

This Amendment to Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Summerhouse on Everett Bay, made this 8th day of January, 2009, by **R.A. NORTH DEVELOPMENT 1, INC.**, a North Carolina corporation (the "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner and developer of Summerhouse on Everett Bay (the "Development"), as is shown on various maps recorded in the Onslow County Registry; and

WHEREAS, Declarant recorded a Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for the Development in Book 2679, Page 633, Onslow County Registry (as previously amended hereinafter referred to as the "Declaration"); and

WHEREAS, Declarant has entered into an Asset Purchase Agreement with Onslow Water and Sewer Authority (the "Authority") to convey the wastewater system at the Development (the "Wastewater Facilities") to the Authority, including, but not limited to, certain lands and easements; and

WHEREAS, the Authority shall provide wastewater service to lot owners within the Development; and

WHEREAS, Declarant desires to amend the Declaration to the extent it is inconsistent with the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, the Declaration is amended as follows:

1. Article I, Section 1(e) is amended by adding to the end of said subparagraph (e) the following:

Notwithstanding the foregoing, Pump Stations 1-5, the Wastewater Treatment Plant, and Infiltration Basins 1-2 conveyed by the Declarant to Onslow Water and Sewer Authority shall not be Common Area.

2. The last paragraph of Article II, Section 18 is deleted and there is substituted therefore the following:

The Wastewater Facilities have or will be conveyed by Declarant to Onslow Water and Sewer Authority which will operate the Wastewater Facilities in accordance with its rules, regulations and applicable governmental laws and regulations.

3. Article II, Section 25 is amended by deleting there from the words "infiltration basins".

IN WITNESS WHEREOF, Declarant has executed this document the day and year first above written.

R.A. NORTH DEVELOPMENT 1, INC.

By: 

STATE OF NORTH CAROLINA
COUNTY OF Cabarrus

I, VIVIAN L. WHITLEY, certify that the following person(s)
personally appeared before me this day, and (mark [☒] one box)

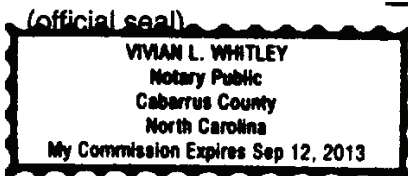
- ☒ I have personal knowledge of the identity of the principal(s)
☐ I have seen satisfactory evidence of the principal's identity, by a current
state or federal identification with the principal's photograph in the form of a
☐ A credible witness: _____ (insert name of
witness) has sworn to the identity of the principal(s);

each acknowledging to me that he or she voluntarily signed the foregoing document for
the purpose stated therein and in the capacity indicated:

Principal's Name	Capacity
<u>RANDOLPH M. ALLEN</u>	____ President, R.A. North Development 1, Inc.

on behalf of and as the act of the following entity: R.A. North Development 1, Inc.
Insert "N/A" if "individual" or "trustee" inserted in Capacity column above).

Date: 2/2/09 Vivian L. Whitley, Notary Public
VIVIAN L. WHITLEY (print name[required])
My commission expires: 9/12/13



WCSR 4048401v1