



Town of Beaufort, NC
701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516
252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

Board of Commissioners
Regular Meeting
6:00 PM Monday, January 08, 2024
Train Depot, 614 Broad Street

Call to Order/Pledge of Allegiance

Roll Call

Agenda Approval

Items of Consent

- [1.](#) Meeting Minutes- December 11, 2023

New Business

- [1.](#) Local Government Revenue Bond Application Resolutions for the USDA-Funded Utilities Contracts
- [2.](#) Case # 23-11 Final Plat - Beau Coast Phase 3
- [3.](#) Case # 23-12 Final Plat- Beau Coast Amenity Center & Five Residential Lots
- [4.](#) Beaufort Business Association (BBA) Waiver Request of Mardi Gras Fees

Public Comment

Manager Report

Mayor/Commissioner Comments

Closed Session

- [1.](#) Pursuant to NCGS 143-318.11 (a) (3)

Adjourn



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Board of Commissioners
Organizational/Regular Meeting
6:00 PM Monday, December 11, 2023
Beaufort Fire Department
506 Live Oak Street

Presentation of the Colors, Beaufort Fire Department Honor Guard

Pledge of Allegiance

Call to Order

Mayor Sharon Harker called the meeting to order at 6:00 p.m.

Roll Call

Elizabeth Lewis, Town Clerk, called the roll.

PRESENT:

- Mayor Harker
- Mayor Pro Tem Hagle
- Commissioner Cooper
- Commissioner Hollinshed
- Commissioner Oliver
- Commissioner Terwilliger

Agenda Approval

Commissioner Hagle made a motion to approve the agenda as presented.

The motion carried unanimously.

Items of Consent

1. Meeting Minutes- November 13th
2. FY 2024 Budget Amendment #5
3. Acceptance of the 2023 Town of Beaufort Municipal Election Results

Commissioner Hagle made a motion to approve the Items of Consent.

The motion carried unanimously.

Administration of Oaths

Town Clerk, Elizabeth Lewis, administered the oaths of office as follows:

- 1. Sharon E. Harker, Mayor Elect
I, Sharon E. Harker, do solemnly swear that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as Mayor for the Town of Beaufort, so help me God.
- 2. Paula Gillikin, Commissioner Elect
I, Paula Gillikin, do solemnly swear that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as Commissioner for the Town of Beaufort, so help me God.
- 3. Sarah Spiegler, Commissioner Elect
I, Sarah Spiegler, do solemnly swear that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as Commissioner for the Town of Beaufort, so help me God.
- 4. John LoPiccolo, Commissioner Elect
I, John LoPiccolo, do solemnly swear that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as Commissioner for the Town of Beaufort, so help me God.

Recognition of Outgoing Commissioners

Mayor Harker recognized the three outgoing Commissioners as follows: Bob Terwilliger, Marianna Hollinshed, and John Hagle.

Appointment of Mayor Pro Tempore

Commissioner Cooper opened the floor for nominations of Mayor Pro Tem.

The motion carried unanimously.

Commissioner LoPiccolo nominated Commissioner Oliver.

Commissioner Spiegler nominated Commissioner Cooper.

Commissioner Cooper closed the floor for nominations of Mayor Pro Tem.

The motion carried unanimously.

Ms. Lewis called the roll:

- Commissioner Spiegler voted for Commissioner Cooper
- Commissioner LoPiccolo voted for Commissioner Oliver
- Commissioner Oliver voted for Commissioner Cooper
- Commissioner Gillikin voted for Commissioner Oliver
- Commissioner Cooper voted for Commissioner Cooper.

Commissioner Cooper was selected to serve as Mayor Pro Tem with a 3-2 vote.

Mayor/Commissioner Comments

The newly elected Commissioners shared excitement to serve Beaufort in their new role.

Both Commissioner Oliver and Commissioner Cooper welcomed the new Board members and shared kind words about Bob Terwilliger, John Hagle, and Marianna Hollinshed.

Mayor Harker thanked staff for organizing the meeting. She also welcomed the new Board and noted the importance of working together to achieve goals in the upcoming year.

Adjourn

Commissioner Oliver made a motion to adjourn the meeting at 6:36 p.m.

The motion carried unanimously.

Sharon E. Harker, Mayor

Elizabeth Lewis, Town Clerk



Town of Beaufort, NC

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**Board of Commissioners
Regular Meeting
6:00 PM January 8, 2024**

AGENDA CATEGORY: New Business
SUBJECT: Local Government Revenue Bond Application Resolutions
USDA-Funded Utilities Contracts

BRIEF SUMMARY:

The procedure for financing the project referred to as the “USDA-Funded Utilities Project” will necessitate the Town issuing Water and Sewer System Revenue Bond Anticipation Notes as well as a Stormwater System Revenue Bond Anticipation Note prior to construction of the project. It is anticipated that these notes will be purchased by a bank or other financial institution. The United States Department of Agriculture (USDA) however, has committed to provided long term financing for the project. To that end, the Town will issue revenue bonds for purchase by USDA after substantial completion of the construction of each project. The proceeds from the sale of these bonds will be used to retire the water/sewer and the stormwater notes. The Town will then commence payments to USDA to retire the bonds based upon the previously agreed to 40-year term and 1.25 percent interest rate.

The Town must obtain approval by the Local Government Commission of North Carolina (LGC) to sell the notes, to sell the bonds to USDA, and to allow the Town to use Parker Poe & Bernstein LLP as bond counsel. To that end, staff request that the Board of Commissioners consider adopting the two resolutions attached to this summary which authorize making application to the Local Government Commission for approval of the following:

- Water and sewer system revenue bond anticipation notes and subsequent water and sewer system revenue bonds
- Stormwater system revenue bond anticipation notes and subsequent stormwater system revenue bonds

REQUESTED ACTION:

Consider adopting the two attached resolutions as written.

EXPECTED LENGTH OF PRESENTATION:

10 minutes

SUBMITTED BY:

Greg Meshaw, PE, Town Engineer

BUDGET AMENDMENT REQUIRED:

No



RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF BEAUFORT, NORTH CAROLINA DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES AND SUBSEQUENT WATER AND SEWER SYSTEM REVENUE BONDS; MAKING CERTAIN FINDINGS OF FACT; AND REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF THE TOWN’S WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES AND SUBSEQUENT WATER AND SEWER SYSTEM REVENUE BONDS

RESOLUTION NO. 24-_____

WHEREAS, the Board of Commissioners (the “*Board of Commissioners*”) of the Town of Beaufort, North Carolina (the “*Town*”) hereby determines that it is necessary to improve its water and sewer system (the “*Project*”); and

WHEREAS, the Board of Commissioners is considering the issuance of an up to \$8,031,000 Town of Beaufort, North Carolina Water and Sewer System Revenue Bond Anticipation Note (the “*Water Note*”) to finance the portion of the Project relating to the water system, and the issuance of an up to \$7,036,000 Town of Beaufort, North Carolina Water and Sewer System Revenue Bond Anticipation Note (the “*Sewer Note*” and, collectively with the Water Note, the “*Notes*”) to finance the portion of the Project relating to the sewer system and has received commitments from the United States Department of Agriculture (“*USDA*”) to provide long-term financing for the Project on completion of construction, at which time the Town will issue its Water and Sewer System Revenue Bonds (the “*Bonds*” and together with the Notes, the “*Instruments*”) to refund the Notes; and

WHEREAS, the Board of Commissioners wishes to retain Parker Poe Adams & Bernstein LLP of Raleigh, North Carolina, as bond counsel; and

WHEREAS, the Board of Commissioners desires that the Town Manager (1) file with the Local Government Commission of North Carolina (the “*Commission*”) an application for its approval of the Instruments, on a form prescribed by the Commission, requesting in such application that the Commission approve (a) the sale of the Notes, (b) the sale of the Bond to USDA and (c) the Town’s use of Parker Poe Adams & Bernstein LLP as bond counsel for the Town, and (2) state in such application such facts and to attach thereto such exhibits in regards to the Notes, the Bonds, the Town and the Town’s financial condition as the Commission may require, and to take all other action necessary to issue the Instruments; and

NOW, THEREFORE, be it resolved by the Board of Commissioners as follows:

Section 1. The Town will issue the Instruments to finance the Project and pay the costs of issuing the Instruments, all as set out fully in the documents attached to the Town’s application to the Commission.

Section 2. Parker Poe Adams & Bernstein LLP is hereby retained to serve as bond counsel.

Section 3. The Town Manager, with advice from bond counsel, is hereby authorized, directed and

designated to file an application with the Commission for its approval of the issuance of the Instruments. Any actions previously taken with respect thereto are hereby ratified and approved.

Section 4. The Board of Commissioners finds and determines, and asks the Commission to find and determine, from the Town’s application and supporting documentation the following:

- (a) The issuance of the Instruments is necessary or expedient;
- (b) The stated principal amount of the Instruments will be sufficient but is not excessive, when added to other money available to the System, for the proposed Project;
- (c) The Project is feasible;
- (d) The Town’s debt management procedure and policies are good; and
- (e) The Instruments can be marketed at a reasonable interest cost to the Town.

Section 5. The Mayor, the Town Clerk, the Town Manager, the Finance Director of the Town are hereby authorized to do any and all other things necessary to complete the steps necessary for the issuance of the Instruments.

Section 6. This Resolution is effective on the date of its adoption.

* * *

EXTRACT OF MINUTES
of

A regular meeting of the Board of Commissioners the Town of Beaufort, North Carolina held at the Train Depot, 614 Broad Street, Beaufort, North Carolina, with Mayor Sharon Harker presiding and the following Commissioners present, on _____, 2024.

Present:

Absent:

On motion of Commissioner _____, the foregoing resolution entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF BEAUFORT, NORTH CAROLINA DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES AND SUBSEQUENT WATER AND SEWER SYSTEM REVENUE BONDS; MAKING CERTAIN FINDINGS OF FACT; AND REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF THE TOWN’S WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES AND SUBSEQUENT WATER AND SEWER SYSTEM REVENUE BONDS”** was duly adopted by the following vote:

The motion was adopted by a vote of _____.

AYES:

NAYS:



RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF BEAUFORT, NORTH CAROLINA DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF A STORMWATER SYSTEM REVENUE BOND ANTICIPATION NOTE AND SUBSEQUENT STORMWATER SYSTEM REVENUE BOND; MAKING CERTAIN FINDINGS OF FACT; AND REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF THE TOWN’S STORMWATER SYSTEM REVENUE BOND ANTICIPATION NOTE AND SUBSEQUENT STORMWATER SYSTEM REVENUE BOND

RESOLUTION NO. 24-_____

WHEREAS, the Board of Commissioners (the “*Board of Commissioners*”) of the Town of Beaufort, North Carolina (the “*Town*”) hereby determines that it is necessary to improve its stormwater system (the “*Project*”); and

WHEREAS, the Board of Commissioners is considering the issuance of an up to \$3,007,000 Town of Beaufort, North Carolina Stormwater System Revenue Bond Anticipation Note (the “*Note*”) to finance the Project and has received a commitment from the United States Department of Agriculture (“*USDA*”) to provide long-term financing for the Project on completion of construction, at which time the Town will issue its Stormwater System Revenue Bond (the “*Bond*” and together with the Note, the “*Instruments*”) to refund the Note; and

WHEREAS, the Board of Commissioners wishes to retain Parker Poe Adams & Bernstein LLP of Raleigh, North Carolina, as bond counsel; and

WHEREAS, the Board of Commissioners desires that the Town Manager (1) file with the Local Government Commission of North Carolina (the “*Commission*”) an application for its approval of the Instruments, on a form prescribed by the Commission, requesting in such application that the Commission approve (a) the sale of the Notes, (b) the sale of the Bond to USDA and (c) the Town’s use of Parker Poe Adams & Bernstein LLP as bond counsel for the Town, and (2) state in such application such facts and to attach thereto such exhibits in regards to the Note, the Bond, the Town and the Town’s financial condition as the Commission may require, and to take all other action necessary to issue the Instruments; and

NOW, THEREFORE, be it resolved by the Board of Commissioners as follows:

Section 1. The Town will issue the Instruments to finance the Project and pay the costs of issuing the Instruments, all as set out fully in the documents attached to the Town’s application to the Commission.

Section 2. Parker Poe Adams & Bernstein LLP is hereby retained to serve as bond counsel.

Section 3. The Town Manager, with advice from bond counsel, is hereby authorized, directed and designated to file an application with the Commission for its approval of the issuance of the Instruments. Any actions previously taken with respect thereto are hereby ratified and approved.

Section 4. The Board of Commissioners finds and determines, and asks the Commission to find

and determine, from the Town’s application and supporting documentation the following:

- (a) The issuance of the Instruments is necessary or expedient;
- (b) The stated principal amount of the Instruments will be sufficient but is not excessive, when added to other money available to the System, for the proposed Project;
- (c) The Project is feasible;
- (d) The Town’s debt management procedure and policies are good; and
- (e) The Instruments can be marketed at a reasonable interest cost to the Town.

Section 5. The Mayor, the Town Clerk, the Town Manager, the Finance Director of the Town are hereby authorized to do any and all other things necessary to complete the steps necessary for the issuance of the Instruments.

Section 6. This Resolution is effective on the date of its adoption.

* * *

EXTRACT OF MINUTES

of

A regular meeting of the Board of Commissioners the Town of Beaufort, North Carolina held at the Train Depot, 614 Broad Street, Beaufort, North Carolina, with Mayor Sharon Harker presiding and the following Commissioners present, on _____, 2024.

Present:

Absent:

On motion of Commissioner _____, the foregoing resolution entitled **“RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF BEAUFORT, NORTH CAROLINA DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF A STORMWATER SYSTEM REVENUE BOND ANTICIPATION NOTE AND SUBSEQUENT STORMWATER SYSTEM REVENUE BOND; MAKING CERTAIN FINDINGS OF FACT; AND REQUESTING LOCAL GOVERNMENT COMMISSION APPROVAL OF THE TOWN’S STORMWATER SYSTEM REVENUE BOND ANTICIPATION NOTE AND SUBSEQUENT STORMWATER SYSTEM REVENUE BOND”** was duly adopted by the following vote:

The motion was adopted by a vote of _____.

AYES:

NAYS:

* * *



Town of Beaufort, NC

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**Board of Commissioners
Regular Meeting
6:00 PM Monday, January 8, 2024**

AGENDA CATEGORY: New Business
SUBJECT: Final Plat – Beaufort Coast Phase III

BRIEF SUMMARY:

The applicant wishes to subdivide a 27.64-acre tract into 48 Single-Family Residential Lots. In addition to Planning Staff the applicants Engineer will also be available to answer questions.

The applicant has chosen to request to bond the infrastructure improvement and has submitted cost estimates for the complete cost of improvements totaling **\$\$880,605.56** (See estimated cost of improvement sheet from engineer).

At their December 18, 2023, meeting the Planning Board unanimously recommended approval of the Final Plat.

REQUESTED ACTION:

Consider approval of the Final Plat- Beaufort Coast Phase III.

EXPECTED LENGTH OF PRESENTATION:

10 Minutes

SUBMITTED BY:

Kyle Garner, AICP
Planning & Inspections Director

BUDGET AMENDMENT REQUIRED:

N/A



STAFF REPORT



To: Planning Board Members
From: Kyle Garner, AICP, Town Planner
Date: December 19, 2023
Case No. 23-11 Beau Coast - Final Plat Phase III

THE QUESTION: Subdivide a 27.64-acre tract into 48 Single-Family Residential Lots.

BACKGROUND: The preliminary plat for this area was approved in December 2022 for installation of infrastructure improvements.

Location: Beau Coast Subdivision
 Owners: Blue Treasure, LLC
 Requested Action: Subdivide a 27.64 Acre Tract into 48 Lots
 Existing Zoning: PUD
 Size: 27.64 acres
 Amount of Open Space: 4.710 Acres
 Existing Land Use: Undeveloped

SPECIAL INFORMATION: As part of the Final Plat process the infrastructure can be either installed or bonded through a financial guarantee process to ensure completion of the project. The applicant has chosen to request to bond the infrastructure improvement and has submitted cost estimates for the complete cost of improvements totaling **\$880,605.56** (See estimated cost of improvement sheet from engineer).

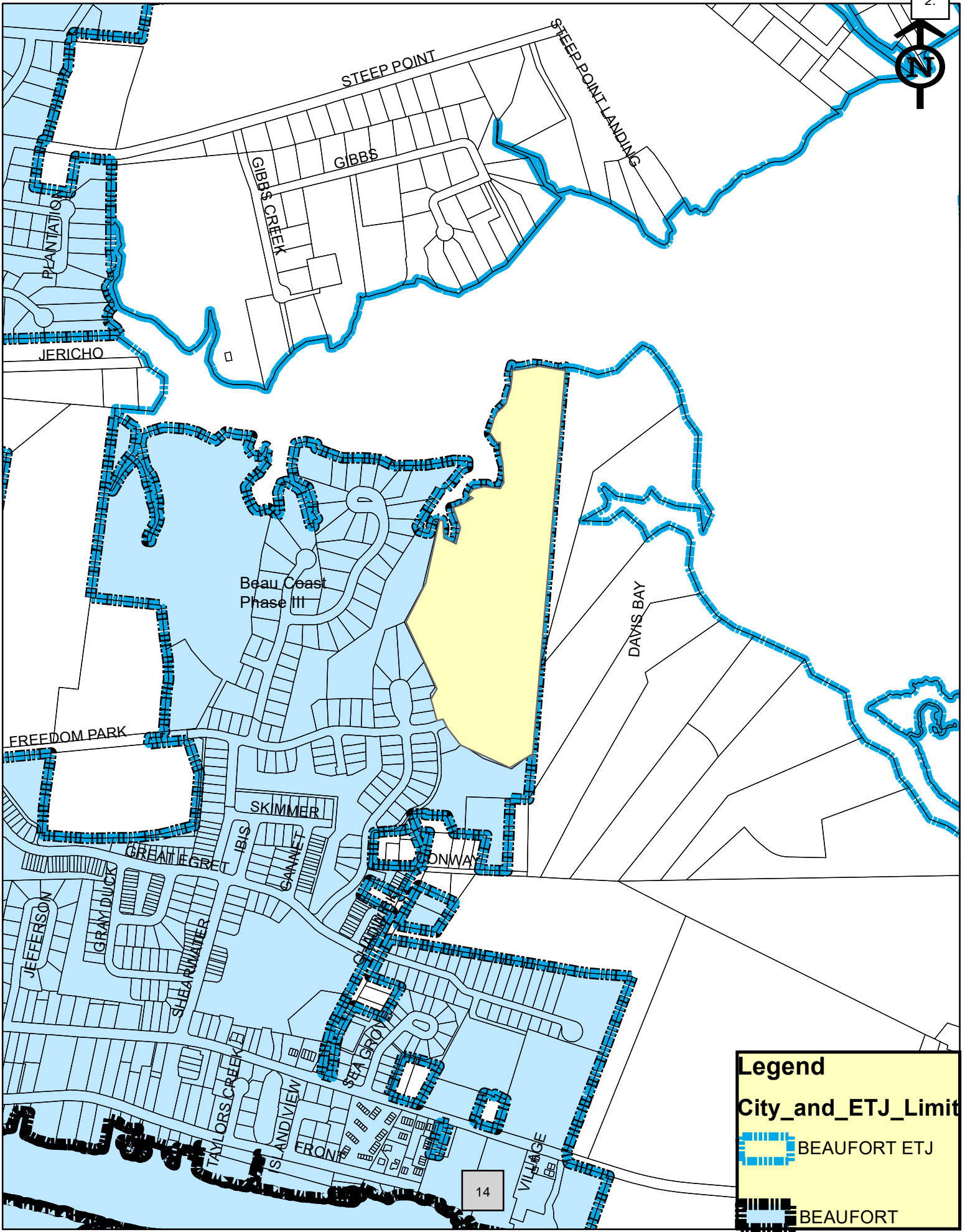
At their December 18, 2023, meeting the Planning Board unanimously recommended approval of the Final Plat.

Public Utilities:
 Water: Town Of Beaufort
 Sanitary Sewer: Town Of Beaufort

- OPTIONS:**
1. Approve the Final Plat for Beau Coast – Phase III.
 2. Deny the request

- Attachments:**
- Attachment A - Vicinity Map
 - Attachment B - Final Plat for Beau Coast – Phase III
 - Attachment C - Bond Estimates
 - Attachment D – Draft Covenants

Case #23-11 Vicinity Map - Final Plat - Beau Coast Phase 3



BEAU COAST PHASE 3 SUBDIVISION



SURVEY CERTIFICATE

I, RUDOLF A. VANDERVELDE JR., PLS., CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN DB 1256 PG 198; THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN BOOK, PAGE (AS SHOWN HERON); THAT THE RATIO OF PRECISION AS CALCULATED IS 1: 20,000; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS 21 DAY OF APRIL A.D., 2021.

I ALSO CERTIFY TO THIS MAP TO BE ONE OF THE FOLLOWING AS CHECKED BELOW:

A. CREATES A SUBDIVISION OF LAND WITHIN THE AREA OF A COUNTY OR MUNICIPALITY THAT HAS AN ORDINANCE THAT REGULATES PARCELS OF LAND.

PRELIMINARY

RUDOLF A. VANDERVELDE JR. (PROFESSIONAL LAND SURVEYOR)
LICENSE # 5146



GENERAL NOTES

- AREAS COMPUTED BY COORDINATE METHOD.
- BASIS OF BEARING NAD 83(1986).
- ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES.
- SEE SYMBOL LEGEND FOR PROPERTY CORNER DESIGNATIONS.
- A PORTION OF THE SUBJECT PROPERTY IS LOCATED IN SPECIAL FLOOD HAZARD AREA (ZONE AE) ACCORDING TO NORTH CAROLINA FLOOD INSURANCE RATE MAP # 3720731600J, PANEL 7316, EFFECTIVE DATE: 7-16-2003
- 404 WETLANDS SHOWN HEREON WERE DELINEATED BY LAND MANAGEMENT GROUP. WETLAND DELINEATION AND JURISDICTIONAL STATUS APPROVED BY USACE JURISDICTIONAL DETERMINATION (SAW-2016-00147) DATED 9/9/2022

CAMA WETLAND LINE (COASTAL WETLANDS) AND NORMAL HIGH WATER LINE DELINEATED BY DAVEY RESOURCE GROUP PROVIDED EXHIBIT, DATED JUNE 23, 2022.

CAMA COASTAL WETLANDS AND NORMAL HIGH WATER FIELD VERIFIED BY CURTIS WEYCHERT WITH NC DIVISION OF COASTAL MANAGEMENT ON 6/8/2022

CAMA WETLAND LINE (COASTAL WETLANDS) AND NORMAL HIGH WATER LINE SHOWN HERON WAS FIELD LOCATED BY WITHERSRAVENEL IN JULY 2022
- THE TOWN OF BEAUFORT SHOULD BE CONTACTED TO VERIFY BUILDING SETBACKS AND OTHER DEVELOPMENTAL RESTRICTIONS.
- SURVEY FIELD WORK COMPLETED ON: _____
- NGCS MONUMENT WAS NOT FOUND WITHIN 2000' OF THE SITE.
- IRON PIPES NOT SET ALONG THE NORMAL HIGH WATER LINE EXCEPT AT INTERSECTING PROPERTY LINES.

CERTIFICATE OF OWNERSHIP AND DEDICATION

I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON, WHICH IS LOCATED IN THE SUBDIVISION JURISDICTION OF THE TOWN OF BEAUFORT AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY FREE CONSENT, ESTABLISHED MINIMUM BUILDING SETBACK LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS, AND OTHER SITES AND EASEMENTS TO PUBLIC OR PRIVATE USE AS NOTED, FURTHERMORE, I HEREBY DEDICATE ALL SANITARY SEWER, STORM SEWER AND WATER LINES TO THE TOWN OF BEAUFORT.

BLUE TREASURE LLC

BY: _____

NAME: _____ DATE: _____

TITLE: MANAGER

CERTIFICATE OF APPROVAL BY THE PLANNING BOARD

THE BEAUFORT PLANNING BOARD HEREBY APPROVES THE FINAL PLAT FOR THE _____ SUBDIVISION.

CHAIRMAN, BEAUFORT PLANNING BOARD _____ DATE: _____

CERTIFICATE OF APPROVAL FOR THE DESIGN AND INSTALLATION OF STREETS, UTILITIES, AND OTHER REQUIRED IMPROVEMENTS

I HEREBY CERTIFY THAT ALL STREETS, UTILITIES AND OTHER REQUIRED IMPROVEMENTS HAVE BEEN INSTALLED IN AN ACCEPTABLE MANNER AND ACCORDING TO THE TOWN OF BEAUFORT SPECIFICATIONS AND STANDARDS IN THE _____ SUBDIVISION OR THAT GUARANTEES OF THE INSTALLATION OF THE REQUIRED IMPROVEMENTS IN AN AMOUNT AND MANNER SATISFACTORY TO THE TOWN OF BEAUFORT HAVE BEEN RECEIVED AND THAT FILING FEE FOR THIS PLAT, IN THE AMOUNT OF \$ _____ HAS BEEN PAID.

TOWN MANAGER _____ DATE: _____

REGISTER OF DEEDS

FILED FOR REGISTRATION AT _____ O'CLOCK ON THE _____ DAY OF _____, 2023
RECORDED IN MAP BOOK _____ PAGE _____

REGISTER OF DEEDS CARTERET COUNTY _____ DATE: _____

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR BEAUFORT, NORTH CAROLINA, AND THAT THIS PLAT HAS BEEN APPROVED BY THE BOARD OF COMMISSIONERS FOR RECORDING IN THE OFFICE OF THE REGISTER OF DEEDS OF CARTERET COUNTY.

DATE: _____ TOWN CLERK, BEAUFORT _____

REVIEW OFFICER CERTIFICATE

I, _____ REVIEW OFFICER OF CARTERET COUNTY, CERTIFY THAT THIS MAP OR PLAT TO WHICH THIS CERTIFICATION IS AFFIXED MEETS ALL STATUTORY REQUIREMENTS FOR RECORDING.

REVIEW OFFICER _____

DATE: _____
NORTH CAROLINA
CARTERET COUNTY

BEAU COAST SUBDIVISION PHASE 3 SITE DATA

OWNER: BLUE TREASURE LLC
MAILING ADDRESS: PO BOX 3557, CARY NC 27519
DEED REFERENCE: DB 1256 PG 198
PLAT REFERENCE: PB 33 PG 851
CARTERET COUNTY PIN: 731605005458000
TOWN OF BEAUFORT ZONING: PUD (B2)
WATERSHED: WHITE OAK RIVER BASIN

TOTAL RESIDENTIAL (SINGLE FAMILY) LOTS: 48

TOTAL LOT ACREAGE: 18.302 ACRES
AVERAGE LOT SIZE: 16,609 SQ FT
DENSITY: 2.62 UNITS/ACRE
OPEN SPACE ACREAGE: 4.710 ACRES
DEDICATED PUBLIC RIGHT OF WAY: 4.630 ACRES

TOTAL PHASE 3 ACREAGE: 27.642 ACRES

SETBACKS

25' FRONT
5' SIDE
15' REAR

REVISIONS:	DATE: 10-24-2023	SUBDIVISION MAP OF BEAU COAST PHASE 3 PROPERTY OF BLUE TREASURE LLC	
	SCALE: 1"= 50'	TOWNSHIP: BEAUFORT	COUNTY: CARTERET
	SURVEYED BY: RJ	STATE: NORTH CAROLINA	
	DRAWN BY: RAV	TOWN OF BEAUFORT ZONING: PUD	PIN: 731605005458000
	CHECK & CLOSURE BY: RAV	SHEET 1 OF 3	
	CAD FILE: BC PH3 SD PLAT.DWG		
	PROJECT NO: 02080976.00		

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	330.00	103.01	N 50°09'03" E	102.59
C2	26.00	36.86	N 83°26'39" E	33.61
C3	130.00	84.47	S 81°15'15" E	81.86
C4	130.00	89.75	N 86°44'38" E	89.23
C5	130.00	84.64	N 61°32'08" E	84.24
C6	130.00	80.00	N 88°24'24" E	80.47
C7	130.00	41.19	N 13°58'28" E	41.02
C8	130.00	80.00	N 88°24'24" E	80.47
C9	130.00	76.51	N 57°58'41" W	75.41
C10	130.00	21.51	N 49°34'43" W	21.49
C11	25.00	35.39	N 83°26'39" E	33.61
C12	581.00	99.16	N 30°47'21" E	99.04
C13	581.00	75.99	N 22°09'17" E	75.94
C14	581.00	78.43	N 13°58'28" E	78.38
C15	581.00	76.27	N 07°06'55" E	76.21
C16	581.00	63.05	N 00°14'25" E	63.02
C17	530.00	110.88	N 05°14'42" W	110.69
C18	530.00	12.89	N 15°33'06" W	12.89
C19	184.00	46.54	N 09°22'33" W	46.43
C20	184.00	103.66	N 19°49'27" E	102.24
C21	184.00	72.20	N 38°42'48" E	71.78
C22	229.00	41.89	N 44°08'06" E	41.83
C23	229.00	132.54	N 21°53'53" E	130.70
C24	76.00	126.99	N 42°07'59" W	112.72
C25	76.00	59.69	S 42°30'00" W	58.17
C26	76.00	65.70	S 24°45'59" E	63.85
C27	76.00	65.70	S 24°45'59" E	63.85
C28	76.00	38.44	S 82°24'08" W	38.35
C29	25.00	37.04	S 36°42'36" E	33.74
C30	174.00	3.94	S 06°22'57" W	3.94
C31	174.00	88.44	S 19°03'29" E	88.22
C32	174.00	40.05	S 42°46'49" W	39.96
C33	531.16	74.81	S 45°20'23" W	74.75
C34	531.16	14.48	S 19°03'29" E	14.49
C35	531.16	71.04	S 29°13'38" W	70.99
C36	531.16	83.14	S 20°54'41" W	83.06
C37	531.16	14.48	S 19°03'29" E	14.49
C38	5.00	5.26	S 45°01'19" W	5.02
C39	70.00	74.69	S 44°36'40" W	74.20
C40	70.00	57.87	S 09°28'30" E	56.12
C41	70.00	58.56	S 57°11'25" E	56.87
C42	70.00	57.14	N 15°27'38" E	56.96
C43	70.00	59.12	N 07°03'08" E	57.93
C44	70.00	69.04	N 25°03'34" W	66.27
C45	5.00	5.00	N 00°00'00" E	5.00
C46	476.16	102.03	N 21°33'27" E	102.03
C47	70.00	86.34	N 61°28'19" E	85.11
C48	70.00	86.34	N 61°28'19" E	85.11
C49	475.00	97.76	S 08°45'52" E	97.59
C50	526.00	13.02	S 02°02'24" W	13.02
C51	526.00	13.02	S 02°02'24" W	13.02
C52	526.00	72.01	S 22°11'02" W	71.96
C53	526.00	70.39	S 30°02'24" W	70.34
C54	526.00	15.86	S 44°36'40" W	15.95
C55	275.00	59.74	S 41°54'15" W	59.63
C56	275.00	32.63	S 52°36'38" W	32.55
C57	275.00	38.44	S 82°24'08" W	38.31
C58	330.00	103.01	N 50°09'03" E	102.59
C59	25.00	39.24	N 09°16'52" W	39.32
C60	25.00	39.47	N 09°40'49" E	39.47
C61	75.00	77.51	S 24°42'41" E	74.11
C62	75.00	158.54	S 05°17'21" W	150.41
C63	250.00	194.28	S 27°06'42" W	189.42

LINE	BEARING	DISTANCE
L1	S 72°28'17" E	13.89
L2	S 13°08'18" E	24.74
L3	S 05°38'05" E	38.84
L4	S 11°57'21" W	34.04
L5	S 53°07'18" E	34.20
L6	S 78°46'01" E	18.72
L7	S 89°11'30" E	25.06
L8	N 08°18'53" E	15.46
L9	N 29°08'14" E	6.23
L10	N 29°08'14" E	11.11
L11	N 18°54'16" E	38.78
L12	N 02°48'10" E	38.78
L13	N 08°43'48" W	14.19
L14	N 08°43'48" W	10.62
L15	N 18°09'13" W	28.89
L16	N 34°42'50" W	28.86
L17	N 00°43'55" E	38.19
L18	N 66°07'24" E	38.63
L19	S 08°32'09" E	15.01
L20	N 23°42'53" E	1.10
L21	N 23°42'53" E	60.14
L22	N 54°19'27" E	39.48
L23	N 58°09'08" E	18.01
L24	N 58°09'08" E	12.84
L25	N 79°45'49" E	66.37
L26	S 82°45'58" E	33.39
L27	S 34°47'20" E	3.28
L28	S 79°11'49" E	13.62
L29	S 79°11'49" E	34.23
L30	N 21°04'43" W	13.10
L31	N 43°47'08" E	40.41
L32	N 17°19'15" E	21.01
L33	N 17°19'15" E	38.19
L34	N 15°44'28" E	23.96
L35	N 15°44'28" E	1.28
L36	N 18°12'17" E	18.01
L37	N 07°19'29" W	12.00
L38	N 07°19'29" W	43.63
L39	N 04°56'12" W	11.41
L40	N 75°23'59" W	19.44
L41	N 24°01'49" W	18.34
L42	N 44°19'27" W	34.18
L43	N 07°54'35" E	24.56
L44	N 22°55'07" E	48.48
L45	N 20°39'21" E	34.44
L46	N 21°47'59" E	34.44
L47	N 08°17'42" E	40.09
L48	N 39°36'39" E	6.19
L49	N 39°36'39" E	31.77
L50	N 01°12'23" E	35.28
L51	N 14°26'27" E	61.70
L52	N 04°53'07" E	24.39
L53	N 03°40'42" E	14.67
L54	N 03°40'42" E	1.96
L55	N 18°15'58" E	27.80
L56	S 41°59'40" E	21.80
L57	N 86°54'57" E	33.57
L58	N 75°48'54" E	45.17
L59	S 88°24'14" E	53.04
L60	S 77°17'48" E	35.37
L61	S 77°17'48" E	3.02
L62	S 75°39'43" E	33.36
L63	S 88°13'48" E	35.62
L64	S 89°15'56" E	23.72
L65	N 81°32'23" E	1.58

LINE	BEARING	DISTANCE
L100	S 56°26'37" E	17.50
L101	S 30°40'49" W	48.34
L102	N 54°19'11" W	19.20
L103	N 80°58'58" W	20.35
L104	N 09°28'09" W	19.50
L105	N 83°10'06" E	24.20
L106	N 83°19'54" E	27.95
L107	S 04°14'44" E	114.93
L108	S 89°01'39" W	28.58
L109	S 69°51'39" E	15.00
L110	S 06°14'37" E	243.20
L111	N 84°15'58" W	20.00

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C100	475.00	42.86	N 55°27'19" W	42.84
C101	581.00	108.09	N 04°19'42" E	105.91
C102	581.00	29.23	N 01°26'58" W	29.22
C103	530.00	45.15	N 05°18'32" W	45.14
C104	581.00	21.54	N 34°37'08" E	21.54
C105	169.76	47.39	N 14°58'52" E	47.34
C106	159.63	41.14	N 29°14'34" E	41.03

BEAU COAST SUBDIVISION PHASE 3 SITE DATA

OWNER: BLUE TREASURE LLC
 MAILING ADDRESS: PO BOX 3557, CARY NC 27519
 DEED REFERENCE: DB 1256 PG 198
 PLAT REFERENCE: PB 33 PG 851
 CARTERET COUNTY PIN: 731605005458000
 TOWN OF BEAUFORT ZONING: PUD (B2)
 WATERSHED: WHITE OAK RIVER BASIN

TOTAL RESIDENTIAL (SINGLE FAMILY) LOTS: 48

TOTAL LOT ACREAGE: 18.302 ACRES
 AVERAGE LOT SIZE: 16,609 SQ FT
 DENSITY: 2.62 UNITS/ACRE
 OPEN SPACE ACREAGE: 4.710 ACRES
 DEDICATED PUBLIC RIGHT OF WAY: 4.630 ACRES

TOTAL PHASE 3 ACREAGE: 27.642 ACRES

SETBACKS

25' FRONT
 5' SIDE
 15' REAR

LEGEND (UNLESS OTHERWISE NOTED)

AC - ACRES
 AEC - AREA OF ENVIRONMENTAL CONCERN
 CAMA - COASTAL AREA MANAGEMENT ACT
 IPF - IRON PIPE FOUND
 IPS - IRON PIPE SET
 LP - LIGHT POLE
 NHW - NORMAL HIGH WATER
 OS - OPEN SPACE
 SQ FT - SQUARE FEET

LINE LEGEND

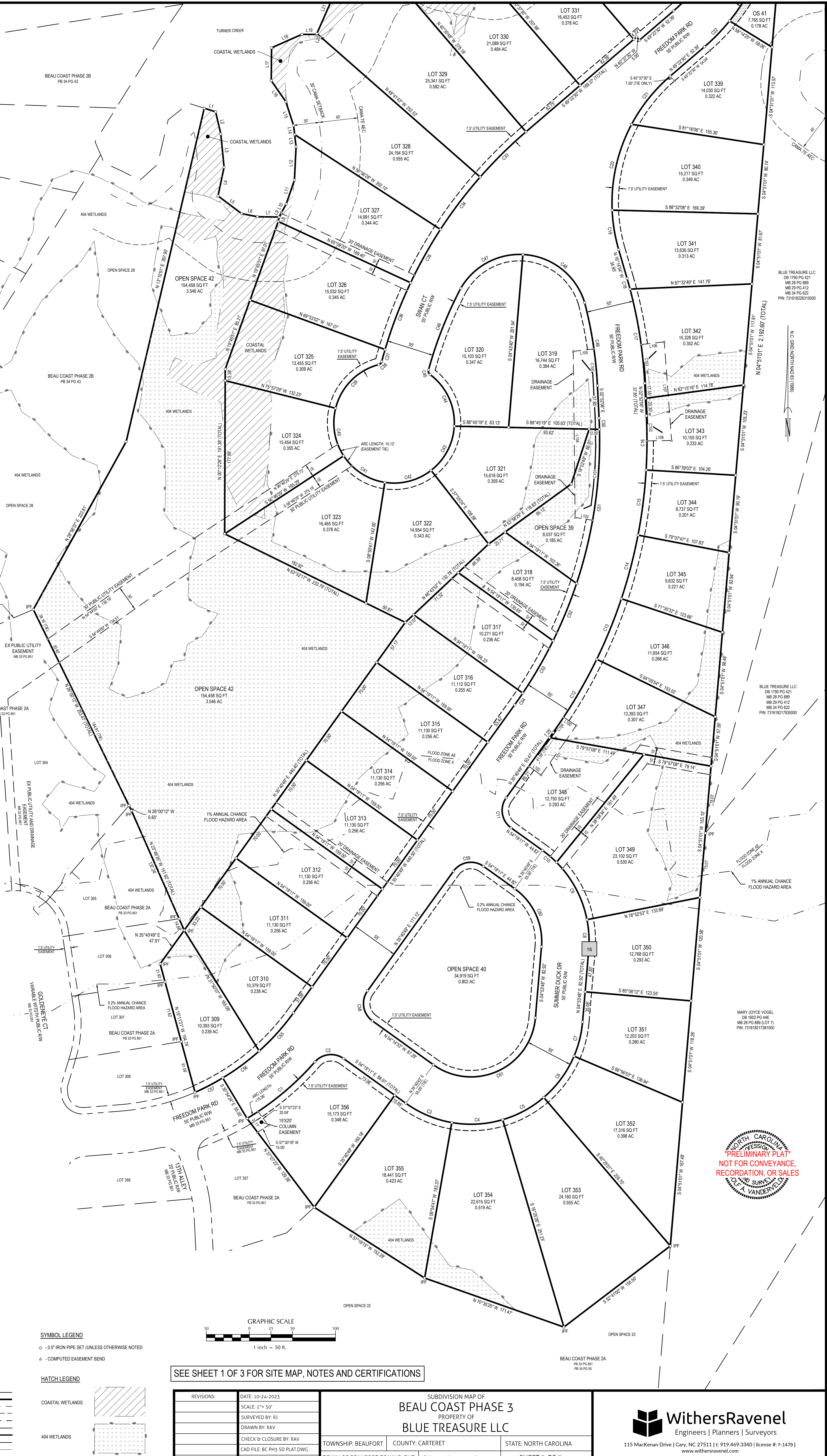
ADJOINER
 BOUNDARY
 30' CAMA SETBACK
 CAMA 75' AEC
 EASEMENT
 1% CHANCE FEMA FLOOD LINE
 0.2% CHANCE FEMA FLOOD LINE
 RIGHT-OF-WAY
 WETLANDS 404 LINE
 WETLANDS COASTAL LINE

SYMBOL LEGEND

○ - 0.5" IRON PIPE SET (UNLESS OTHERWISE NOTED)
 △ - COMPUTED EASEMENT BEND

HATCH LEGEND

COASTAL WETLANDS
 404 WETLANDS



SEE SHEET 1 OF 3 FOR SITE MAP, NOTES AND CERTIFICATIONS

REVISIONS:	DATE: 10-24-2023
	SCALE: 1"= 50'
	SURVEYED BY: RJ
	DRAWN BY: RAV
CHECK & CLOSURE BY: RAV	
CAD FILE: BC PH3 SD PLAT.DWG	
PROJECT NO: 02080976.00	

SUBDIVISION MAP OF
BEAU COAST PHASE 3
 PROPERTY OF
BLUE TREASURE LLC

TOWNSHIP: BEAUFORT COUNTY: CARTERET STATE: NORTH CAROLINA
 TOWN OF BEAUFORT ZONING: PUD PIN: 731605005458000 SHEET 2 OF 3

WithersRavenel
 Engineers | Planners | Surveyors

115 McKean Drive | Cary, NC 27511 | t: 919.469.3340 | license #: F-1479 | www.withersravenel.com

PRELIMINARY PLAT
 NOT FOR CONVEYANCE,
 RECORDATION, OR SALES

MARY JOYCE VOGEL
 DB 1802 PG 446
 MB 28 PG 880 IL071
 PIN: 731618217381000

K:\08\08-2910\082910-Beaufort Coast Ph 3 Subdivision.dwg - Tuesday, November 21, 2023 11:56:32 AM - W:\DWG\REVISED_RUDY

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	330.00	103.01	N 50°09'03" E	102.59
C2	25.00	36.86	N 83°26'39" E	33.61
C3	130.00	39.47	S 87°12'51" E	37.96
C4	130.00	59.75	N 86°44'38" E	59.23
C5	130.00	54.64	N 61°32'08" E	54.24
C6	130.00	70.00	S 36°15'29" E	69.47
C7	130.00	41.19	N 13°58'28" E	41.02
C8	130.00	36.34	N 03°06'39" W	36.22
C9	130.00	75.51	N 27°58'11" W	75.41
C10	130.00	21.51	N 49°34'43" W	21.49
C11	25.00	39.27	N 09°19'11" W	35.36
C12	581.00	59.16	N 30°47'27" E	59.04
C13	581.00	75.99	N 22°09'17" E	75.84
C14	581.00	76.42	N 14°38'20" E	76.38
C15	581.00	75.27	N 07°05'39" E	75.21
C16	581.00	63.05	N 00°44'25" E	63.02
C17	530.00	110.88	N 09°51'42" W	110.69
C18	530.00	12.89	N 15°33'56" W	12.89
C19	184.00	46.54	N 09°22'33" W	46.43
C20	184.00	103.49	N 12°49'27" E	102.24
C21	184.00	77.20	N 38°42'48" E	77.18
C22	229.00	41.86	N 44°08'05" E	41.83
C23	229.00	132.54	N 22°18'33" E	132.70
C24	75.00	126.99	N 42°07'59" W	112.72
C25	75.00	59.69	S 67°30'00" W	58.17
C26	75.00	67.00	S 22°30'00" W	66.12
C27	75.00	65.70	S 24°45'59" E	63.88
C28	75.00	39.29	S 64°20'36" E	38.85
C29	25.00	51.04	S 82°42'28" E	33.74
C30	174.00	3.94	S 08°22'57" W	3.94
C31	174.00	88.54	S 21°36'31" W	87.59
C32	174.00	43.09	S 24°30'00" W	42.59
C33	531.16	74.81	S 45°20'23" W	74.75
C34	531.16	76.44	S 37°01'09" W	75.98
C35	531.16	71.04	S 15°38'30" W	70.99
C36	531.16	83.14	S 20°44'41" W	83.06
C37	531.16	14.49	S 89°11'19" W	14.49
C38	5.00	5.26	S 45°01'19" W	5.02
C39	70.00	74.69	S 44°36'40" W	71.20
C40	70.00	58.56	S 57°11'52" E	56.87
C41	70.00	58.56	S 57°11'52" E	56.87
C42	70.00	57.14	N 79°27'38" E	55.56
C43	70.00	57.14	N 79°27'38" E	55.56
C44	70.00	69.04	N 25°03'44" W	66.27
C45	5.00	6.00	N 18°31'11" W	5.64
C46	70.00	47.16	N 22°23'11" W	46.12
C47	70.00	66.34	N 61°28'19" E	62.11
C48	70.00	66.89	S 52°04'47" E	60.83
C49	475.00	91.76	S 70°09'14" E	91.59
C50	526.00	13.02	S 02°09'32" E	13.02
C51	526.00	181.88	S 08°22'42" W	181.88
C52	526.00	70.39	S 30°02'24" W	70.34
C53	526.00	70.39	S 30°02'24" W	70.34
C54	526.00	70.39	S 30°02'24" W	70.34
C55	275.00	59.74	S 41°54'15" W	59.63
C56	275.00	52.63	S 53°38'38" W	52.55
C57	288.27	35.34	S 63°42'28" W	35.31
C58	330.00	103.01	N 50°09'03" E	102.59
C59	25.00	39.24	N 09°16'52" W	35.33
C60	75.00	77.51	S 24°42'41" E	74.11
C61	75.00	156.11	S 65°17'21" W	130.41
C62	250.00	136.28	S 27°16'54" W	136.42

LEGEND (UNLESS OTHERWISE NOTED)

AC - ACRES
AEC - AREA OF ENVIRONMENTAL CONCERN
CAMA - COASTAL AREA MANAGEMENT ACT
IPF - IRON PIPE FOUND
IPS - IRON PIPE SET
LP - LIGHT POLE
NHW - NORMAL HIGH WATER
OS - OPEN SPACE
SQ FT - SQUARE FEET

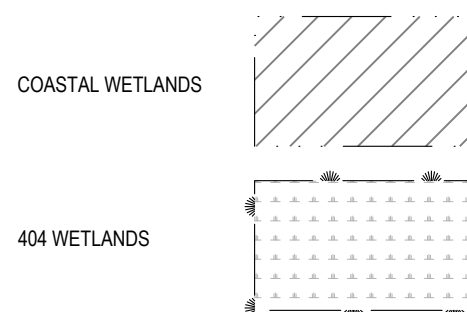
LINE LEGEND

ADJOINER ————
BOUNDARY ————
30' CAMA SETBACK ————
CAMA 75' AEC ————
EASEMENT ————
1% CHANCE FEMA FLOOD LINE ————
0.2% CHANCE FEMA FLOOD LINE ————
RIGHT-OF-WAY ————
WETLANDS 40A LINE ————
WETLANDS COASTAL LINE ————

SYMBOL LEGEND

○ - 0.5" IRON PIPE SET (UNLESS OTHERWISE NOTED)
△ - COMPUTED EASEMENT BEND

HATCH LEGEND



BEAU COAST SUBDIVISION PHASE 3 SITE DATA

OWNER: BLUE TREASURE LLC
MAILING ADDRESS: PO BOX 3557, CARY NC 27519
DEED REFERENCE: BD 1256 PG 198
PLAT REFERENCE: PB 33 PG 851
CARTERET COUNTY PIN: 731605005458000
TOWN OF BEAUFORT ZONING: PUD (B2)
WATERSHED: WHITE OAK RIVER BASIN

TOTAL RESIDENTIAL (SINGLE FAMILY) LOTS: 48
TOTAL LOT ACREAGE: 18.302 ACRES
AVERAGE LOT SIZE: 16,609 SQ FT
DENSITY: 2.62 UNITS/ACRE
OPEN SPACE ACREAGE: 4.710 ACRES
DEDICATED PUBLIC RIGHT OF WAY: 4.630 ACRES

TOTAL PHASE 3 ACREAGE: 27.642 ACRES

SETBACKS

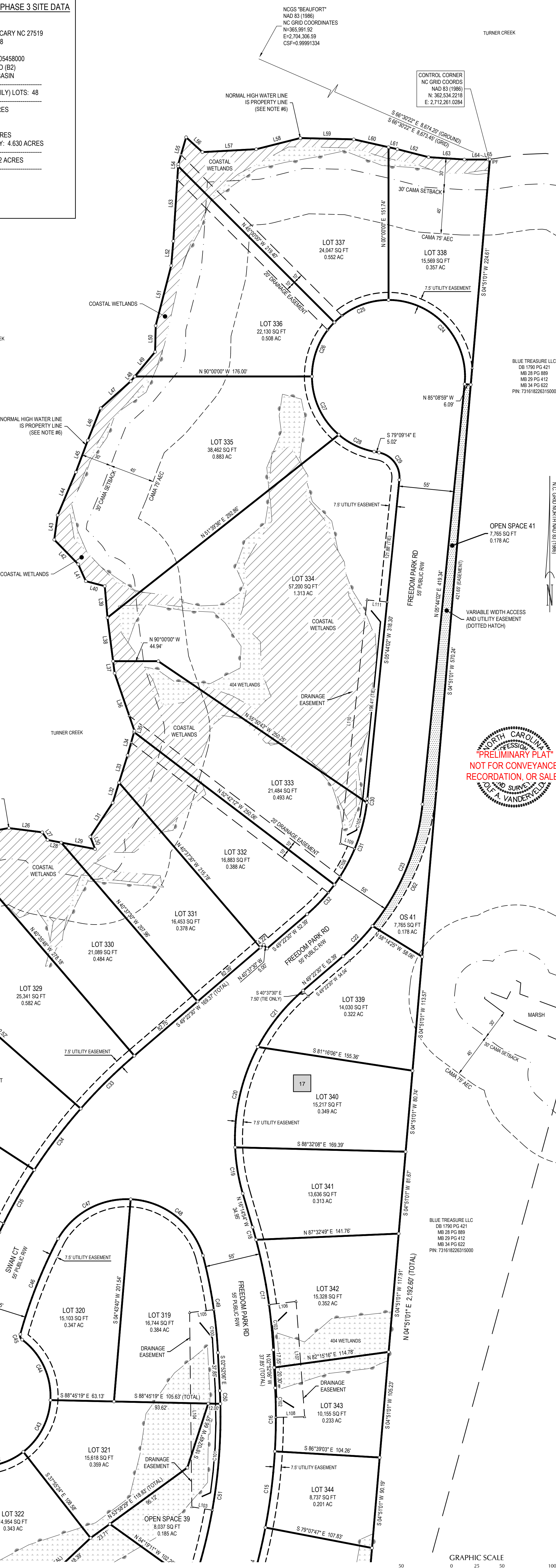
25' FRONT
5' SIDE
15' REAR

EASEMENT TABLE

LINE	BEARING	DISTANCE
L1	S 72°28'17" E	13.83
L2	S 13°08'18" E	26.47
L3	S 16°30'05" E	38.84
L4	S 11°57'21" W	34.04
L5	S 53°07'13" E	34.20
L6	S 5°46'01" W	19.72
L7	S 89°11'30" E	25.06
L8	N 68°35'30" E	5.24
L9	N 69°08'14" E	5.22
L10	N 29°08'14" E	11.11
L11	N 69°08'14" E	29.47
L12	N 69°28'10" E	28.78
L13	N 68°43'48" W	14.19
L14	N 69°42'48" W	10.65
L15	N 18°02'13" W	28.89
L16	N 34°42'59" W	20.89
L17	N 07°33'09" W	38.19
L18	N 86°07'24" E	38.63
L19	S 89°30'09" E	16.90
L20	N 5°42'55" E	11.07
L21	N 23°42'55" E	60.14
L22	N 34°33'19" E	29.48
L23	N 58°09'08" E	18.01
L24	N 58°09'08" E	12.84
L25	N 79°54'31" E	46.33
L26	S 89°45'38" E	33.36
L27	S 34°47'34" E	9.28
L28	S 79°11'49" E	34.23
L29	S 79°11'49" E	34.23
L30	N 21°04'43" W	13.11
L31	N 39°27'08" E	40.41
L32	N 17°19'15" E	21.01
L33	N 17°19'15" E	26.37
L34	N 15°44'28" E	23.96
L35	N 15°44'28" E	1.28
L36	N 18°37'01" W	60.56
L37	N 07°19'29" W	10.01
L38	N 07°19'29" W	43.63
L39	N 08°58'24" W	21.41
L40	N 79°23'09" W	19.44
L41	N 24°01'49" W	18.38
L42	N 44°18'05" W	24.19
L43	N 07°54'55" E	24.56
L44	N 22°56'10" E	46.48
L45	N 09°59'21" E	5.18
L46	N 21°47'49" E	34.44
L47	N 48°07'42" E	40.07
L48	N 39°38'39" E	31.77
L49	N 39°38'39" E	31.77
L50	N 01°12'25" E	28.94
L51	N 14°24'27" E	61.70
L52	N 04°53'07" E	24.39
L53	N 04°53'07" E	24.39
L54	N 03°40'42" E	1.96
L55	N 16°13'58" E	27.85
L56	S 47°38'49" E	21.89
L57	N 86°54'57" E	53.57
L58	N 78°48'54" E	45.17
L59	S 89°38'41" E	53.04
L60	S 77°17'48" E	35.37
L61	S 77°17'48" E	3.02
L62	S 19°28'43" E	31.96
L63	S 86°13'48" E	35.62
L64	S 89°38'36" E	23.79
L65	N 81°56'25" E	1.96

EASEMENT TABLE

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C100	475.00	42.86	N 65°27'12" W	42.84
C101	568.00	106.99	N 04°19'42" E	106.91
C102	568.00	29.69	N 01°23'38" W	29.22
C103	530.00	45.15	N 65°18'32" W	45.14
C104	581.00	21.54	N 34°37'06" E	21.54
C105	169.75	47.39	N 34°56'55" E	47.24
C106	159.63	41.14	N 29°14'34" E	41.03




SEE SHEET 1 OF 3 FOR SITE MAP, NOTES AND CERTIFICATIONS

REVISIONS:	DATE: 10-24-2023	SUBDIVISION MAP OF BEAU COAST PHASE 3 PROPERTY OF BLUE TREASURE LLC	
	SCALE: 1"= 50'	TOWNSHIP: BEAUFORT	COUNTY: CARTERET
	SURVEYED BY: RJ	STATE: NORTH CAROLINA	
	DRAWN BY: RAV	TOWN OF BEAUFORT ZONING: PUD	CAD FILE: BC PH3 SD PLAT.DWG
	CHECK & CLOSURE BY: RAV	PIN: 731605005458000	
	PROJECT NO: 02080976.00	SHEET 3 OF 3	

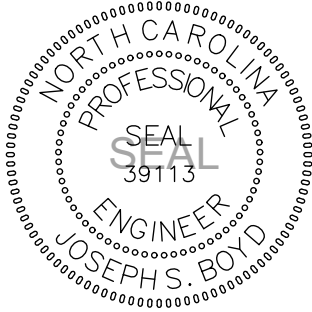

WithersRavenel
Engineers | Planners | Surveyors
115 McKean Drive | Cary, NC 27511 | 919.469.3340 | license #: F-1479 | www.withersravenel.com

K:\08\08-0970\080976-BeauCoast_Ph3_Subdivision.dwg - Tuesday, November 21, 2023 11:57:07 AM - W:\DREWELDE, RUDY

BOND ESTIMATE		
 <p>Town of Beaufort 701 Front Street Beaufort, NC 28516 (252) 728-2141 www.beaufortnc.org</p>	PROJECT NAME:	Beau Coast Phase 3
	OWNER:	Blue Treasure, LLC
	ENGINEER:	Joe Boyd, PE
	ENGINEER PHONE NO.:	910-256-9277
	ENGINEER EMAIL:	jboyd@withersravenel.com
	DATE:	11/10/2023

UNLESS OTHERWISE SPECIFIED ALL BONDS ARE FOR THE BODY OF THE PLAT

SIGNATURE AND SEAL OF SUBMITTING ENGINEER

	<p>I, <u>Joseph Boyd, P.E.</u> a Registered Licensed Professional, do hereby verify that I have personally supervised the measurement thereof and that the quantities expressed herein represent an accurate measurement of the work to be completed on this project. This bond estimate covers all the infrastructure improvements on the project referenced above.</p> <p><i>Please sign below</i></p> <p>DocuSigned by:  EEA7107411AC44D...</p>
--	--

STREET PAVEMENT	LINEAR FEET:	WIDTH:	UNIT COST (Dollars/SY)	TOTAL:
Final Asphalt Surface Course	5500	22	\$ 11.00	\$ 147,888.89
Initial Asphalt Surface Course	5500	22	\$ 10.50	\$ 141,166.67
Asphalt Intermediate Course				\$ -
Asphalt Base Course				\$ -
Aggregate Base Course	5500	22	\$ 18.00	\$ 242,000.00
Pervious Concrete Alley & Base Course	0	16	\$ 65.00	\$ -
				\$ -
			Subtotal	\$ 531,055.56

STREET INCIDENTALS	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
Street Signs	3	Each	\$ 100.00	\$ 300.00
Street Trees (40' O.C.)		Each	\$ 450.00	\$ -
Street Lights	18	Each	\$ 250.00	\$ 4,500.00
Pavement Striping		LF		\$ -
				\$ -
				\$ -
			Subtotal	\$ 4,800.00

FOR REGISTRATION REGISTER OF DEEDS

Jerry T. Hardesty
Carteret County, NC

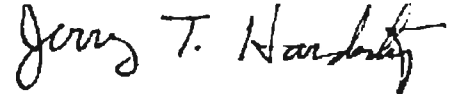
February 8, 2017 4:38:10 PM

DECL # Pages: 68

Fee: \$238.00

NC Revenue Stamp: \$0.00

FILE # 1566433



Type of Instrument: **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST**

Mail To: **Morris, Russell, Eagle & Worley, PLLC
2335 Gateway Access Point, Suite 201
Raleigh, NC 27607**

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA, AS FOLLOWS: EXCEPT AS OTHERWISE PROVIDED IN THIS DECLARATION OR ANY APPLICABLE RULES AND REGULATIONS UNDER THIS DECLARATION: (A) NO OWNER SHALL DISPLAY A FLAG ON ANY PORTION OF THE PROPERTIES SUBJECT TO THIS DECLARATION OTHER THAN ON A LOT OWNED BY SUCH OWNER; AND (B) AN OWNER MAY ONLY DISPLAY ON A LOT OWNED BY SUCH OWNER NO MORE THAN ONE (1) AMERICAN FLAG, IN GOOD REPAIR AND NOT TO EXCEED A SIZE OF 3 FEET BY 5 FEET, IN A BRACKET OR OTHER DEVICE APPROVED PURSUANT TO THIS DECLARATION OR ANY APPLICABLE RULES AND REGULATIONS UNDER THIS DECLARATION THAT IS MOUNTED TO THE DWELLING ON THE LOT.

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS BY OWNERS ON LOTS OWNED BY THEM AS FOLLOWS: THE DESIGN GUIDELINES AND/OR RULES AND REGULATIONS UNDER THIS DECLARATION MAY PROVIDE FOR REASONABLE RESTRICTIONS ON THE TIME, PLACE, SIZE, NUMBER, AND MANNER OF DISPLAY OF POLITICAL SIGNS DISPLAYED ON LOTS, SUBJECT TO THE FOLLOWING: (A) DESIGN GUIDELINE OR RULES AND REGULATIONS MAY PROHIBIT THE DISPLAY OF POLITICAL SIGNS EARLIER THAN FORTY-FIVE (45) DAYS BEFORE THE DAY OF THE ELECTION AND LATER THAN SEVEN (7) DAYS AFTER THE DAY OF AN ELECTION; (B) ANY RESTRICTION ON THE SIZE AND NUMBER OF POLITICAL SIGNS ON A LOT MAY NOT BE MORE RESTRICTIVE THAN ANY APPLICABLE CITY, TOWN, OR COUNTY ORDINANCE THAT REGULATES THE SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY; (C) IF THE LOCAL GOVERNMENT IN WHICH THE LOT IS LOCATED DOES NOT REGULATE THE SIZE AND NUMBER OF POLITICAL SIGNS ON RESIDENTIAL PROPERTY, THE DESIGN GUIDELINES AND/OR RULES AND REGULATIONS SHALL PERMIT, OR IN THE ABSENCE OF ANY APPLICABLE DESIGN GUIDELINES OR RULES AND REGULATIONS, THIS DECLARATION HEREBY PERMITS, ONE POLITICAL SIGN ON A LOT WITH MAXIMUM DIMENSIONS OF 24 INCHES BY 24 INCHES, BUT SUBJECT TO ALL OTHER APPLICABLE DESIGN GUIDELINES AND/OR RULES AND REGULATIONS UNDER THIS DECLARATION. FOR PURPOSES OF THIS DECLARATION, INCLUDING THE DESIGN GUIDELINES AND THE RULES AND REGULATIONS, "POLITICAL SIGN" MEANS A SIGN THAT ATTEMPTS TO INFLUENCE THE OUTCOME OF AN ELECTION, INCLUDING SUPPORTING OR OPPOSING AN ISSUE ON THE ELECTION BALLOT.

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BEAU COAST**

CARTERET COUNTY, NORTH CAROLINA

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST (the "**Declaration**") is made as of this 8th day of February, 2017, by Blue Treasure LLC, a North Carolina limited liability company (hereinafter referred to as "**Declarant**").

RECITALS:

WHEREAS, Declarant is the owner of certain tract or parcel of land located in the Town of Beaufort, Carteret County, North Carolina, which property is described on **Exhibit "A-1"** attached hereto (the "**Property**");

AND WHEREAS, the Property is hereby established as a planned community and master residential subdivision community known as "Beau Coast" (which also is referred to herein as the "**Community**" or the "**Subdivision**") under the Legal Requirements of applicable governmental entities, and which may include, but shall not be required by this Declaration to include, any one or more of the following: residential dwellings; public or private streets; utility easements; stormwater drainage systems and facilities; buffers; greenways; open space; recreational facilities and amenities; and other uses consistent with the zoning of the Properties and the Governmental Authority approvals for the Subdivision;

AND WHEREAS, the Community will contain certain Common Areas that are shared Community-wide by all throughout the Community, but it is also intended to contain (but need not ultimately contain) three (3) or more distinct Neighborhoods, each with its own housing product types, level of Assessments, services and amenities, and with the initial framework for the three (3) Neighborhoods ("Beau Shoals," "Beaux Bridge" and "Beaufort East Village") being contemplated herein, regardless of whether the same are ultimately developed and annexed into the Community;

AND WHEREAS, as hereinafter provided in this Declaration, Declarant has retained and reserved the right, privilege and option to annex Additional Property or to withdraw Property (as the case may be) to/from the encumbrance of this Declaration, from time to time or at any time, as herein provided;

AND WHEREAS, Declarant desires, among other things, to establish a general plan of development for the Subdivision, to provide for the maintenance and upkeep of the Lots, Dwellings, and Common Elements within the Subdivision, to provide for enforcement of the Declaration and other covenants and restrictions, if any, applicable to the Subdivision, to protect the value and desirability of the Properties, and, to that end, desires to subject the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Subdivision and each owner of any part or all thereof;

AND WHEREAS, in furtherance of the foregoing, Declarant has incorporated or will incorporate under the nonprofit corporation laws of the State of North Carolina BEAU COAST HOMEOWNERS ASSOCIATION, INC. (the "**Association**") to own and/or maintain and/or administer Common Elements, to administer and enforce this Declaration and other covenants, restrictions, and agreements applicable to the Subdivision, and to collect and disburse the assessments and charges provided for herein;

AND WHEREAS, it is intended that every Owner of any of the Lots (as defined below) automatically, and by reason of such ownership and this Declaration, become a Member of the Association and be subject to its rules and regulations and the assessments and charges made by the Association as provided herein.

NOW, THEREFORE, Declarant hereby declares that all of the Property, together with all Additional Property, if any, subjected to the Declaration pursuant to Article II hereof and less any real property withdrawn from this Declaration, all of which together is referred to as the "**Properties**", shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of these lands and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with the title to the Properties and which shall be binding on all parties having any right, title or interest in the Properties or any portion of them, all in accordance with the North Carolina Planned Community Act, as set forth in Chapter 47F of the North Carolina General Statutes, as the same may be amended by from to time. This instrument also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone who purchases or takes any interest in real property within the lands subject to this Declaration.

ARTICLE I

DEFINITIONS

The following words and terms, when used in the Declaration (including the Recitals) or any amendment hereto, or in any Supplemental Declaration, unless amended or unless the context clearly indicates otherwise, are defined as follows and are subject to the provisions contained in such definitions (when these and other defined words or terms herein have an initial capital letter or letters, however, it is not required that their use in the Declaration have initial capital letters in order to have the defined meaning). Terms and words used herein without definition shall have the meanings, if any, specified therefor in the "Definitions" section of the Act or, if not defined in the Act, in the "Definitions" section of the Nonprofit Corporation Act, or if not defined in either the Act or Nonprofit Corporation Act, any applicable definitions section of the Code, and, in the event of any conflict between the definitions contained herein and the definitions contained in the Act, the Nonprofit Corporation Act or the Code, the Act or Nonprofit Corporation Act or Code, in that order and as appropriate, shall control. It should be noted that one or more definitions contain provisions in addition to the defined word or terms, and such additional provisions are part of the Declaration in the same manner and to the same extent as if they had been set out in an Article or Section of the Declaration other than this Article I.

(a) "Act" shall mean the North Carolina Planned Community Act, currently codified in Chapter 47F of the North Carolina General Statutes, as it exists from time to time, including all amendments, supplements and replacements thereof.

(b) "Additional Property" shall mean any and all real property described on Exhibit "A-2" attached hereto and incorporated herein by this reference, provided the Additional Property shall not be part of the Property subject to this Declaration until it has been annexed (or subjected) to this Declaration in the manner required by this Declaration.

(c) "Annexation Declaration" shall mean a document, by whatever name denominated, that is recorded for the purposes of annexing Additional Property to this Declaration and causing such Additional Property to be subject to the scheme of covenants, charges, conditions and restrictions

contained in this Declaration and including any additional covenants, charges, conditions and restrictions contained in the Annexation Declaration.

(d) "Annual Assessment" shall have the meaning specified in Article VI of this Declaration and shall constitute the assessments which, pursuant to the provisions of such Article, shall be levied by the Association against all Lots each year for the purpose of raising the funds necessary to pay the Common Expenses (it being clear and express that the Annual Assessments may vary from Lot to Lot based on Dwelling type and Neighborhood).

(e) "Architectural Control Committee", or "ACC" shall mean those individuals appointed to have jurisdiction over construction on or within any portion of the Property and responsibility for administration of design guidelines, as more fully described in Article VII of this Declaration.

(f) "Architectural Guidelines" shall mean the guidelines and standards from time to time adopted and in effect with respect to Dwellings and other improvements in the Property.

(g) "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

(h) "Association" shall mean Beau Coast Homeowners Association, Inc., a North Carolina nonprofit corporation.

(i) "Board of Directors" (or "Board") shall mean the body responsible for the administration of the Association, as provided in the Bylaws.

(j) "Builder" is defined as a Person, other than the Declarant, including without limitation Lennar Carolinas, LLC, a Delaware limited liability company ("**Lennar**"), who constructs residential dwellings for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Property for the purpose of constructing thereon one or more residential dwellings for resale to other Persons "Builders" refers to all such persons or entities collectively.

(k) "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

(l) "City" or "Town" shall mean the Town of Beaufort, Carteret County, North Carolina.

(m) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor federal revenue law.

(n) "Common Area" (or "Common Property" or "Common Elements", the terms Common Area and Common Elements and Common Property being used interchangeably herein, whether referring to Common Area or Limited Common Area) shall mean, singularly or collectively, as applicable, all real property (including all improvements and private streets, drives, lanes and alleyways thereon except for any such improvements owned or maintained by another Person, such as a Governmental Entity or a Person who provides utility services to any part or all of the Property) and personal property, including easements, which Declarant owns (prior to turnover to the Association) or which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including any additional areas, if any, which by the terms of the Governing Documents, or by any Legal Requirement, or any Plat, or by contract or agreement with any other Person, become the responsibility of the Association. The term Common Area shall include the Limited Common Area, as defined below, provided, however, that unless a Common Area is expressly

identified herein or on any Plat as a Limited Common Area, then it shall simply be the broader Common Area.

(o) "Common Expenses" shall mean and include all of the expenses incurred by the Association in maintaining the Common Area, including reserves for future expenses, and in paying for all of its other obligations and liabilities under the Act, Legal Requirements, and the Governing Documents, whether or not the particular Common Expense is specifically described herein. Common Expenses also include all expenses for which the Association is liable under any contract or agreement entered into by the Association or by the Declarant on behalf of the Association as allowed herein. Expenses related to Limited Common Areas are Neighborhood Expenses, which are part of and are a subcategory of Common Expenses.

(p) "Community Wide Standards" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard shall initially be established by the Declarant and may be more specifically determined by the Board of Directors or the Architectural Control Committee. The Community Wide Standards may change at any time and from time to time as development of the Property progresses and/or as the needs and desires change within the Property. During the Development Period, the Declarant has the right to establish all of the Community Wide Standards, including amending any Community Wide Standards established by the Board of Directors or Architectural Control Committee.

(q) "Deck" shall mean the deck, if any, that is constructed as part of the original construction of each Improved Lot.

(r) "Declarant" shall mean Blue Treasure LLC, a North Carolina limited liability company, and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, however, that there shall be only one "Declarant" hereunder at any one time.

(s) "Declarant Control Period" shall mean the period of time commencing on the date of recording of the Declaration and ending on the date on which the first of the following occurs:

(i) the date on which all of the Lots permitted by the Subdivision Plan (i) have Dwellings thereon for which certificates of occupancy have been issued and (ii) have been conveyed to Members other than Builders. Provided, until such time as the Declarant Control Period ends under any other subparagraph of this definition, without the possibility of any reinstatement, the Declarant Control Period shall be reinstated automatically from time to time as the Subdivision Plan is revised such that the foregoing requirements for termination of the Declarant Control Period no longer are met; or

(ii) voluntary termination of the Declarant Control Period by a written instrument executed by Declarant and recorded in the Registry; or

(iii) termination of the Declarant Control Period required by any Legal Requirement; or

(iv) 5:00 pm. on December 31, 2041.

Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Declarant Control Period ends or is reinstated.

(t) "Declaration" shall mean this Declaration of Covenants, Restrictions and Easements, as the same may be hereafter amended in accordance with the terms hereof.

(u) "Development Period" shall mean the period of time from the date of recording of this Declaration through and including 5:00 p m on the last of the following dates to occur.

(i) the last day on which Declarant owns any portion of the Property; or

(ii) the last day on which Declarant has the unilateral right to subject Additional Property to this Declaration pursuant to Article II; or

(iii) the date that is five (5) years after the date of recording of the most recent Annexation Declaration subjecting Additional Property to the Declaration; or

(iv) the date of release of the last bond (or letter of credit or other, similar financial guarantee) posted by Declarant with the City in connection with development of the Property or any portion thereof; or

(v) the date on which a certificate of occupancy is issued for initial construction of a Dwelling on the last Lot in the Properties remaining after certificates of occupancy have been issued for Dwellings on all other Lots in the Properties and the last Improved Lot has been transferred to a Person other than a Builder. For example, if there are 500 total Lots in the Properties, this is the date on which a certificate of occupancy is issued for the initial Dwelling on the 500th Lot and all 500 Improved Lots have been transferred to Persons other than Builders; or

(vi) 5:00 p m on December 31, 2041.

Notwithstanding the foregoing, if Declarant is delayed in the development of any part or all of the Property as a result of a sanitary sewer, water or building permit moratorium, or as the result of some other cause or event beyond Declarant's control, then the foregoing applicable time period shall be extended by the amount of time of the delay. Provided, however, Declarant may terminate the Development Period at any time by recording a termination instrument in the Registry. Except in the case of voluntary termination by the Declarant, the Development Period also shall include any periods of time after the applicable termination event during which Declarant is conducting any activity within the Property that is required by Legal Requirements or for Declarant to fulfill any obligation to a Governmental Entity, the Association, or any Owner with respect to any portion of the Property. In the event of an assignment of Declarant rights, with respect to the rights assigned the Development Period shall remain in full force and effect through the applicable periods of time as they relate to the assignee rather than the original Declarant hereunder. Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Development Period ends.

(v) "Development Plan" shall mean the most current land use or development plan approved by the applicable Governmental Entity for the Property or any part thereof, whether the approval is preliminary or final, and regardless of any name other than Development Plan under which it is approved by the Governmental Entity (for example, site plan, subdivision plan, cluster unit development plan, or master plan for a planned unit development). For avoidance of doubt, Development Plan shall include any plan(s) that may be entitled "Beaufort East Village." Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots and Common Area. The fact that real property is included on the Development

Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan.

(w) "Dwelling" is defined as any building or portion thereof within the Properties which is used or occupied, or intended for use or occupancy, as a residence by an individual or by one housekeeping unit, whether by the Owner thereof or by tenants or sub-tenants of the Owner.

(x) "Exempt Property" means all portions of the Property included within any of the following categories:

(i) Common Area (provided, however, a Lot on which Common Area is located -- for example, a Lot on which there is an easement constituting Common Area -- is not exempt from assessments); and

(ii) property owned by, or dedicated to and accepted by, the City or a utility, including property within the right-of-way of publicly-dedicated streets and roads, unless such property is a Lot that has a Dwelling thereon (and provided, that a Lot is not exempt from assessments because it has an easement located on it that has been dedicated to the City or a public utility).

Exempt Property shall not be subject to the assessments provided for herein, and the Owner of such Exempt Property shall have no membership or voting rights in the Association associated with the ownership of such Exempt Property. Furthermore, unless and until such time, if any, as it loses its Exempt status, except as otherwise provided herein all Exempt Property owned by or subject to an easement in favor of the City or a utility provider, and all Exempt Property within publicly-dedicated street rights-of-way, is exempt from all of the provisions of the Declaration, except for the provisions of the Declaration with respect to any easements over such Exempt Property reserved in the Declaration by or for the Declarant, the Association, the City or any other Person, and except for provisions of the Declaration requiring Approved Plans for Dwellings and associated improvements.

Exempt Property that loses its status as Exempt Property (e g , property within a publicly dedicated street right of-way that has been closed as a public street, property formerly owned by/dedicated to the City which has been conveyed to a Person whose status does not qualify for the exemption) shall be reclassified to another type of property under this Declaration, as appropriate, and shall be subject to all of the terms and provisions of the Declaration in the same manner and to the same extent as other portions of the Property having the same classification. All issues with respect to reclassification of Exempt Property shall be resolved by the Declarant, during the Development Period, and thereafter by the Board.

(y) "Fiscal Year" shall mean the calendar year until such time as the Board, by appropriate resolution, establishes a different Fiscal Year for the Association.

(z) "First Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt of first priority.

(aa) "Governing Documents" shall mean and include all of the following: this Declaration; the Articles and Bylaws of the Association; architectural guidelines and bulletins and rules and regulations of the Association; resolutions adopted by the Board; conditions of approval for development of any part or all of the property required by any Governmental Entity; Annexation Declarations; Supplemental Declarations; other declarations of restrictive or protective covenants applicable to the Property; all as the same may be amended, restated or supplemented from time to time.

Any approvals granted by the Declarant under the Governing Documents shall be binding upon all successors to Declarant's approval authority.

(bb) "Governmental Authority" or "Governmental Entity" shall mean and include any and all of the following that are applicable to the particular matter or matters addressed in the Governing Documents: the Town of Beaufort, North Carolina; the County of Carterct, North Carolina; the State of North Carolina; the United States of America; and all other governmental entities and quasi-governmental entities that have jurisdiction over the Property or any part thereof, including all applicable departments and agencies of any of them.

(cc) "Improved Lot" shall mean a Lot (i) upon which there is located a Dwelling for which a certificate of occupancy has been issued by the applicable governmental authority, and (ii) which is owned by Person who is not the Declarant or a Builder.

(dd) "Improvement" shall mean any improvement of or on any Lot or other applicable portion of the Property, including any or all of the following: Dwellings and other buildings and structures (specifically including exterior materials, colors, size, location and architectural style); decks; patios; car port; porches; driveways; playhouse; motor vehicle and other parking areas; exterior storage areas; exterior recreational areas, equipment and facilities; mail kiosks; exterior antennae, dishes and other apparatus to receive or transmit radio, television, or microwave or other signals; fences; exterior walls; hedges; other landscaping (including planted areas, grassed areas, natural areas and the plant and other materials therein); poles; flags; exterior decorative features and items; ponds; lakes; staking, clearing, grading, filling, change in grade or slope, and other site preparation; swimming pools; coverings for windows and other glass portions of a Dwelling or other building or structure (for example, curtains, blinds, and shutters), which coverings are visible from anywhere off of the Lot or other applicable portion of the Property; exterior lights and signs; lights and signs visible inside a Dwelling or other building or structure from anywhere off of the Lot or other applicable portion of the Property; and all other items used or maintained on a Lot or other applicable portion of the Property outside of a Dwelling or building or other structure located thereon or on the exterior surfaces of a Dwelling or other building or structure on the Lot or other applicable portion of the Property. The definition of improvements stated for the purposes of this definition includes both initial improvements and all subsequent alterations, changes and additions to same. The term "initial improvements" is defined as all of the improvements constructed or placed or located on a Lot or other applicable portion of the Property, or approved for construction, placement, or location on a Lot or other applicable portion of the Property, in accordance with either Approved Plans or Architectural Guidelines existing at the time of issuance of a certificate of occupancy for the Dwelling on such Lot or other applicable portion of the Property. The examples of improvements stated for the purposes of this definition are not inclusive of all types of improvements and do not imply that all improvements listed as examples will be allowed in the Properties, and all improvements are subject to the architectural approval provisions of the Declaration. For the purposes of this definition, the word "exterior" means located on a Lot or other applicable portion of the Property outside of the Dwelling or other building or structure thereon, as well as attached to the outside of (such as on a wall or roof) a Dwelling, building, or other structure on a Lot or other applicable portion of the Property.

(ee) "Legal Requirement" shall mean and include any duly adopted and applicable law, ordinance, regulation or requirement, including the Act, the Nonprofit Corporation Act, and the Code, of any Governmental Entity or quasi-governmental entity or agency having jurisdiction over the Properties or any portion thereof, including any branch, department, division, section, branch, agency, or other subdivision of any of the foregoing Governmental Authorities or quasi-governmental authorities or agencies. Legal Requirements apply to the exercise of all rights or the taking of all actions under this Declaration by Declarant, the Association, or any other Person, whether or not this Declaration states

that a specific right or action is subject to Legal Requirements or must be exercised or taken in accordance with Legal Requirements.

(ff) "Limited Common Area" shall mean, singularly or collectively, as applicable, all real and personal property, including easements, private streets and private alleys, which the Association owns, leases, or otherwise holds possessory or use rights in for the exclusive or primary and common use and enjoyment of one or more, but less than all, of the Neighborhoods or Lots in the Property, and which are designated as such by the Declarant herein, or by Declarant during the Development Period (even if originally designated as Common Area), or by the Association at any time during the Development Period, and/or including portions of the Property shown as Limited Common Area on any Plats of the Property.

(gg) "Lot" (or "Unit") shall mean each portion of the Property shown on any of the Plats which may be independently owned and conveyed and which is intended for development, use, and occupancy, or actually is used or occupied, as an attached or detached residence for a single family. In the case of a Townhome Building containing multiple Townhome Dwellings, each individual Townhome Dwelling shall be deemed to be on a separate Lot.

(hh) "Maintain", "maintenance", "maintaining", or any similar term used herein shall mean and include any one or more of the following, as the context requires or allows: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

(ii) "Member" shall mean a Person subject to membership in the Association pursuant to Article V hereof.

(jj) "Mortgagee" shall mean the beneficiary or payee under any mortgage or deed of trust, and the term mortgage and deed of trust are deemed to refer to both mortgages and deeds of trust.

(kk) "Neighborhood" shall mean a group of Lots designated as a separate Neighborhood pursuant to Article II for purposes of sharing one or more Limited Common Areas, and/or receiving other benefits or services from the Association which may be common to those Lots and not provided to all Lots, and/or for the purpose of electing Voting Members. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. Neighborhood boundaries may be established and modified as provided in Article II hereof. Each Plat shall identify the name of the Neighborhood. The three (3) originally contemplated (but not ultimately required) Neighborhoods shall be known as "Beau Shoals," "Beaux Bridge" and "Beaufort East Village," and notwithstanding any of the foregoing, Plats of Beau Coast Phase 1A shall be Plats of Beau Shoals (whether they contain the name Beau Shoals or not).

(ll) "Neighborhood Assessments" shall mean assessments levied against Lots in a particular Neighborhood to fund Neighborhood Expenses, as described in Article VI.

(mm) "Neighborhood Expenses" shall mean the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood, including maintenance of Limited Common Areas assigned to such Neighborhood, which expenses may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in any Supplemental Declaration applicable to such Neighborhood.

(nn) "Neighborhood Services" shall mean all goods, services and other provisions made by the Association for Lots, Owners, Improvements in one or more but fewer than all Neighborhoods.

(oo) "Owner" shall mean any Person who is a record owner by purchase, transfer, assignment or foreclosure of a fee or undivided fee interest in a Lot; provided, however, that any Person who holds such interest merely as security for the performance of an obligation or as a tenant shall not be an Owner.

(pp) "Patio Area" shall mean the poured concrete (or other material approved by Declarant) area extending from the rear of a home as part of the original construction of an Improved Lot.

(qq) "Person" shall mean a natural person, corporation, trust, limited liability company, partnership or any other legal entity.

(rr) "Plans" shall mean the complete plans and specifications for a proposed improvement showing (where applicable) the size, shape, dimensions, materials, exterior finishes and colors, location on the applicable portion of the Property, driveway, parking areas, provisions for handling stormwater, landscaping, floor plans and elevations, and other items, all as specified from time to time in any applicable Architectural Guidelines or required by the Reviewer. "Approved Plans" shall mean Plans that have been approved by the Reviewer.

(ss) "Plats" shall mean all plats for any portion of the Property recorded in the Registry, including any amendments to such Plats recorded in the Registry.

(tt) "Porch" shall mean the front porch that is constructed as part of the original construction of each Improved Lot.

(uu) "Property" or "Properties" shall mean all real property subject to this Declaration, including any Additional Property, as applicable. The Property initially subject to this Declaration is described on Exhibit A-1.

(vv) "Recreational Amenities" or "Recreational Amenity" shall mean, singularly or collectively, as applicable, all Common Areas, equipment and facilities, which Declarant owns (prior to turnover to the Association) or which is leased or possessed or owned by the Association, for the use and benefit of the Members for recreational purposes, whether active or passive recreation, or, if part of Limited Common Area, then solely for the use and benefit of the Members (and their guests, tenants and invitees) benefited by the Limited Common Area. Recreational Amenities includes those Limited Common Area Recreational Amenities identified in Sections 9 and 10 of Article III, and Recreational Amenities may also include any or all of the following: swimming pools, clubhouses, mail kiosks, kayak pavilions, kayak lake bulkheads, and/or such other facilities and appurtenances incidental to use of the Recreational Amenities; provided that the provision store (which may be located within the Property but is not operated by the Association and is for the use of the Community and public at large) shall not be a Recreational Amenity or Common Area unless otherwise determined by Declarant in its sole discretion.

(ww) "Registry" shall mean the office of the Register of Deeds (or any successor office under applicable law) for the North Carolina County or Counties in which deeds, plats, easements, mortgages and deeds of trust for the Property are recorded. All references herein to recording or to any requirement to record a document or plat refer to recording in the Registry of the County or Counties in which the applicable portion of the Property is situated.

(xx) "Reviewer" shall mean the Declarant, Board, Architectural Control Committee, or other Person who has the authority to review and approve Plans under the architectural control provisions of this Declaration.

(yy) "Rules and Regulations" is defined as rules, regulations, requirements, prohibitions, and/or conditions with respect to any one or more of the following that are adopted by the Declarant or the Association and are in effect from time: (i) use of the Property or any part thereof, including the Common Elements, or (ii) the conduct of Persons while in or on the Property or any part thereof, including the Common Area, or (iii) implementation and enforcement of the Governing Documents, or (iv) any other matters that the Declarant or Board, as applicable, determines to adopt as part of the Association's Rules and Regulations.

The Board may adopt, amend, modify, and enforce Rules and Regulations for the use and operation of the Common Area (including the Limited Common Area) and/or for the implementation and enforcement of the Governing Documents without having to comply with the procedures specified herein for adoption, amending, modifying, and enforcing other Rules and Regulations. Such Rules and Regulations with respect to use and operation of the Common Area and/or implementation and enforcement of the Governing Documents also may be referred to herein as "Board Policies".

(zz) "Special Declarant Rights" or "Declarant Rights" is defined as all rights granted to, or reserved by, or established for the benefit of, Declarant, in the Act or in this Declaration or in other Governing Documents, whether or not such rights are referred to as Special Declarant Rights or Declarant Rights in the Act, this Declaration, or other Governing Documents. Declarant may assign Special Declarant Rights, in whole or in part, temporarily or permanently, subject to such terms and conditions as Declarant specifies in the assignment document. Unless this Declaration or other Governing Documents specify that Special Declarant Rights may be exercised by any Person other than the Declarant or that they become rights exercisable in whole or in part by the Association at any time, or as otherwise provided in Legal Requirements, any assignment of Special Declarant Rights must be in writing and recorded in the Registry, executed by the assignee, and the assignment becomes effective only upon the recording of the document in the Registry or any later date specified therein. Special Declarant Rights shall be construed broadly so as to allow Declarant the greatest flexibility in development and sale of the Properties.

(aaa) "State" shall mean the State of North Carolina.

(bbb) "Stoop" shall mean the front stoop, if any, that is constructed as part of the original construction of each Improved Lot.

(ccc) "Stormwater Agreement" is defined as any agreement recorded in the Registry among the Declarant, the Association, and a Governmental Entity, or between the Declarant and a Governmental Entity, or between the Association and a Governmental Entity, relating to Stormwater Control Measures for the Property or any part thereof, and includes all amendments and supplements to such agreements.

(ddd) "Stormwater Control Measures" or "Stormwater Control Facilities", such terms being used interchangeably herein and in the Stormwater Agreement, is defined as one or more of the following devices and measures, together with associated private stormwater drainage easements (however identified on a plat or in a document) that serves any part or all of the Property: conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wetponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bioretention areas, retention or detention ponds, and other devices, facilities, appurtenances and measures, necessary to collect, convey,

store, and control stormwater runoff and pollutants for more than one (1) Lot in the Property, and which are located outside public street rights-of-way and public drainage easements. Private stormwater drainage easements that serve more than one (1) Lot in the Properties, however identified on a Plat or in a document recorded in the Registry, are deemed to be dedicated to the Association for the benefit of the Property or applicable portion thereof. All Stormwater Control Measures owned by or dedicated to the Association are Common Area or Limited Common Area, as applicable.

(eee) "Subdivision Plan" shall mean the most current land use or development plan or plans approved by the City for the Property (it being recognized that there may be two or more development plans approved by the City that together constitute the Subdivision Plan under this definition), whether the approval is preliminary or final, and regardless of any name other than Subdivision Plan under which it approved by the City (for example, site plan, cluster unit development plan, or master plan for a planned unit development), all as the same may be revised at any time or from time to time; it being express that the Property need not be developed in accordance with any one version of the Subdivision Plan. Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Subdivision Plan in whole or in part, including the addition or deletion of property and including the reconfiguration of Lots and Common Area. The fact that property is included on the Subdivision Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any Additional Property that is not included on any Subdivision Plan.

(fff) "Supplemental Declaration" shall mean an instrument recorded in the Registry which designates and/or imposes restrictions and/or obligations on the land described in such instrument in addition to or different from (when this Declaration allows) those imposed by this Declaration. An "Annexation Declaration" also may be a Supplemental Declaration and a Supplemental Declaration also may be an Annexation Declaration.

(ggg) "Townhome" or "Townhome Dwelling" means an individual Dwelling that is attached by Party Walls to one or more other Dwellings.

(hhh) "Townhome Building" means an Improvement consisting of two or more Townhomes notwithstanding that each Townhome therein is located on a separate Lot.

(iii) "Townhome Services" means those goods, services, items or benefits provided by the Association for the benefit of the Townhomes and Owners thereof pursuant to this Declaration and any Supplemental Declaration.

ARTICLE II

PROPERTY SUBMITTED TO THIS DECLARATION; ANNEXATION; WITHDRAWAL

Section 1. Property Hereby Subjected to this Declaration. The Declarant, for itself and its respective successors and assigns, hereby submits the real property described on Exhibit A-1 to this Declaration, and such real property constitutes the "Property" initially subjected to this Declaration. The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, the lien provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

Section 2. Annexation of Additional Property. The Declarant may, at any time and from time to time during the Development Period, in its sole discretion annex all or part of the Additional Property to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration by

executing and recording in the Registry an Annexation Declaration describing the portion of the Additional Property being annexed. Declarant further has the right to convey to the Association additional Common Areas contained within such Additional Property, the maintenance of which may increase the Annual Assessment as provided elsewhere herein and may increase the amount of Annual Assessment which shall be levied against each Lot.

From and after such recording, the annexed Additional Property shall be part of the Property and shall be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration, and all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration shall be a permanent charge on, and shall run with, such Additional Property.

No approval, consent or joinder from any Member of the Association, or from any other party whatsoever, shall be required for the Declarant to subject Additional Property to this Declaration.

Section 3. Withdrawal of Property. The Declarant may, in its sole discretion at any time and from time to time during the Development Period, but only with the written consent of Lennar so long as Lennar owns any Lot or has the right to purchase any Lot from Declarant, withdraw any portion of the Property from the coverage of this Declaration, regardless of the fact that such actions may affect the relative voting strength of any Member or class of membership in the Association or increase or reduce the number of Owners subject to assessment under this Declaration, by recording a Supplemental Declaration describing the portion of the Property being withdrawn; provided, however, if the property is part of the Common Areas and is owned or leased by the Association, the written consent of the Association and Lennar shall be required to effect such withdrawal. From and after such recording, the withdrawn portion of the Property no longer shall be part of the Property and may be held, transferred, sold, conveyed, used, given, leased, occupied, mortgaged or otherwise encumbered free and clear of any and all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration.

Section 4. Order of Development and Annexation. Declarant contemplates that it may develop any portion of the Property it owns in accordance with a Development Plan, as modified from time to time; provided, however, but subject to Legal Requirements that provide otherwise, no Development Plan shall obligate the Declarant to develop any particular portion of the Property now or in the future, whether for the purposes shown thereon or for any other purpose, the Declarant shall not be required to follow any particular sequence or order of development of the Property, and the Declarant may annex or consent to annex Additional Property to the Declaration, and/or withdraw portions of the Property from the Declaration, before completing development of all of the Property previously subjected to the Declaration.

Section 5. All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Owner, by taking record title to a Lot, agrees to accept title to such Lot, and to be bound by, all of the terms and provisions of this Declaration. Each Lot is subject to all burdens, and enjoys all benefits, made applicable hereunder.

Section 6. Neighborhoods. At the time of the recording of this Declaration, the Declarant hereby establishes the following three (3) Neighborhoods within the Property: "Beau Shoals", "Beaux Bridge" and "Beaufort East Village". The Declarant, in its sole discretion, may establish additional Neighborhoods within the Property by Supplemental Declaration to the Declaration and/or Plats in order to subject such Lots to additional covenants and restrictions or to benefit said Lots differently from other

Lots on the Property. During the Development Period, the Declarant, in its sole discretion and without the joinder of any other Person, but only with the written consent of Lennar so long as Lennar owns any Lot or has the right to purchase any Lot from Declarant, may assign portions of the Property to a specific Neighborhood, redesignate Neighborhood boundaries, or remove portions of the Property from a specific Neighborhood.

Any Neighborhood may, upon the written consent of at least 50% of the Owners in such Neighborhood including all Builders therein, request that the Association provide a higher level of service or special services (than are specified herein) for the benefit of Lots in such Neighborhood and upon written consent of a majority of Owners of the Lots within the Neighborhood, the Association may, in its sole discretion, provide the requested services. The costs of such services, which may include a reasonable administrative charge in such amount as the Board may deem appropriate (provided such administrative charge shall apply at a uniform rate per Lot to all Neighborhoods receiving the same service), shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment pursuant to Article V herein.

No action may be taken by a Neighborhood which is adverse to the interests of the Association or its Members or that is inconsistent with the Community Wide Standards. If a Neighborhood fails to comply with such requirements of the Association as specified by the Association in writing the Association may assess the Lots within such Neighborhood for any expense incurred by the Association to correct the inconsistency or deficiency.

ARTICLE III ASSOCIATION PROPERTY

Section 1. Common Areas. The Declarant shall have the right to transfer and convey to the Association any portion of the Property, and the Association shall accept all such transfers and conveyances from the Declarant. All portions of the Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas or Limited Common Areas, as the case may be. Said right may be exercised by the Declarant any time, and from time to time, prior to the end of the Development Period.

Common Areas shall be conveyed to the Association by special warranty deed free of debt encumbrance, and subject to this Declaration and all applicable rights of way and easements, including the rights and easements set forth in this Article and shown on Plats, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. Upon Declarant's written request at any time during the Development Period, the Association shall reconvey to Declarant any unimproved portions of the Common Area which Declarant originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines or as part of the Development Plan.

Section 2. Member's Rights in Common Area. Except in the case of Common Areas designated as Limited Common Areas, each Owner shall have a non-exclusive right and easement of enjoyment and use in and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot owned by such Owner. Where Common Areas are designated as Limited Common Areas, except as otherwise provided herein, the Owners of Lots benefited by said Limited Common Areas shall have the exclusive right and easement of enjoyment and use in and to said Limited Common Areas. The right and easement of enjoyment and use of the Common Areas and Limited Common Areas are and shall be subject to the easements which are described in this Article and to the following:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area, including Recreational Amenities, and including rules limiting the number of guests who may use the Common Area;
 - (ii) suspend an Owner's right to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent; and (ii) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing as required by the Governing Documents or the Act. Provided, however, and notwithstanding anything to the contrary appearing in any Governing Documents, (i) if ingress and egress from a public street to and from any Lot is over any part of the Common Area as shown on any Plat or described in any instrument recorded in the Registry, or (ii) Stormwater Control Facilities, stormwater drainage, sanitary sewer, water or other utility services are provided to a Lot over or through an easement located on the Common Area as shown on any Plat or described in any instrument recorded in the Registry, any conveyance or encumbrance of the affected portion of the Common Area shall be subject to those easements for ingress and egress and/or utilities, and no suspension of the rights of the Owner of said Lot in and to the use and enjoyment of the Common Area as allowed herein shall include suspension of any such rights of such Owner to ingress and egress or utilities;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any Recreational Amenity situated upon the Common Area;
 - (v) permit use of any Recreational Amenity by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Common Area as open for the use and enjoyment of the public; and
 - (vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act.
- (d) The rights of certain Owners to the exclusive or primary use of those portions of the Common Area designated "Limited Common Areas" as described herein.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

The Board of Directors may permit other persons who are not residents of any Lots to use the Common Areas upon such terms and conditions, and for the payment of such fees, as shall be

determined by the Board of Directors; provided however, any such use shall be subject to the prior written consent of all Builders.

Section 3. No Partition. The Common Areas shall remain undivided and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the Property and without the written consent of all holders of all mortgages encumbering any portion of the Property.

Section 4. Condemnation. For the purposes of this Section, “condemnation” or “taking” or “taken” means an acquisition of all or any part of the affected portion of the Properties or of any interest therein or right accruing thereto as a result of, in lieu of, or in anticipation of, the exercise of the right of condemnation or eminent domain, or any other action by a Governmental Authority or other Person having the power of eminent domain that affects the value of the applicable portion of the Properties or any part thereof so severely as to amount to a taking. In the event that any part of the Common Areas shall be taken by any authority having the power of condemnation or eminent domain or conveyed in lieu of, and under threat of, condemnation by the Board acting on the written direction of at least 67% of the Class A votes and, during the Development Period, the written consent of Declarant, the Association shall restore or replace the improvements on the remaining land included in the Common Areas to the extent available unless, within sixty (60) days after such taking at least 67% of the Class A votes and Declarant (if during the Development Period) otherwise agree. The provisions of subsection 6 of this Article III below regarding funds for the repair of damage or destruction shall apply. If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds may be used by the Association for such purposes as the Board shall determine.

Section 5. Insurance on Common Areas. The Association shall maintain and keep in good repair the Common Areas. Additionally, the Association shall obtain the insurance coverage necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U S Department of Housing and Urban Development, as applicable to the Common Areas. The Board shall obtain casualty insurance for all insurable improvements located on the Common Areas, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction of any insurable improvement in the event of damage or destruction from any such hazard. The Board of Directors shall obtain a public liability policy with a combined single Limit of at least One Million and No/100 Dollars (\$1,000,000.00) applicable to the Common Areas covering the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by the Board of Directors. In addition, the Board of Directors shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on all persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall at least equal three months' total assessments plus reserves on hand. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation. All such insurance coverage shall be written in the name of the Association. An insurer that has issued an insurance policy under this Section 5 shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, Mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Section 5 may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each Mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 6. Damage or Destruction. In the event that any improvements located on any Common Areas shall be damaged or destroyed on account of the occurrence of any casualty, the Board shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless it shall be decided, within ninety (90) days after the occurrence of casualty, by at least 67% of the Class A votes, and by Declarant during the Development Period, not to so repair or reconstruct such damage. In the event that it shall be so decided not to repair or reconstruct some damage or destruction, the proceeds of any insurance as may become payable to the Association as a result of such damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Class A Members, levy Special Assessments to cover the shortfall.

Section 7. Actions Requiring Owner Approval. If the U.S. Department of Housing and Urban Development is insuring the Mortgage on any Lot or the U.S. Department of Veterans Affairs is guaranteeing the Mortgage on any Lot, then any conveyance or mortgaging of the Common Areas by the Association shall require the consent of at least 67% of the Class A votes held by Members other than the Declarant and, during the Development Period, the consent of Declarant. Notwithstanding anything to the contrary in this section, however, the Association, acting through the Board, may grant easements over the Common Areas for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Section 8. Limited Common Area.

(a) Any Limited Common Area shall be designated as such in the deed conveying such area to the Association, or on the Plat relating to such Limited Common Area, or by the recording by Declarant of another document containing the designation; provided, however, any such designation shall not preclude Declarant, at any time during the Development Period but only with the written consent of any Builder who owns any Lot or has the right to purchase any Lot from Declarant, from assigning or reassigning use of the same Limited Common Area to additional Lots and/or Neighborhoods.

Following the end of the Development Period, and only with the written consent of any Builder, if any Builder still owns or has the right to purchase any Lot from Declarant, portions of the Common Area may be designated as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Association, including a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed designation or reassignment.

(b) Upon approval of a majority of Owners of Lots within the Neighborhood or other portion of the Property to which any Limited Common Area is assigned, including the written approval of any Builder who owns any Lot or has the right to purchase any Lot from Declarant in the Neighborhood, the Association may permit Owners of Lots in other Neighborhoods or portions of the Property, and/or may permit other Persons who are not Owners, to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Limited Common Area.

Section 9. Beau Shoals and Beaux Bridge Neighborhood Limited Common Area. Subject to the terms of Section 8 above in this Article, and notwithstanding any contrary or unclear indications on any Plat, the following Recreational Amenities (as identified on any Plat), if constructed, shall be Limited Common Area allocated for the exclusive use and enjoyment of the Beau Shoals and the Beaux Bridge Neighborhoods (and not by any Owners of Lots in any other Neighborhood): the “Kayak Barns and Community Dock” located or which may be located along Front Street and Shearwater Lane; and the “Great Lawn and Resort Pool” located or which may be located along Shearwater Lane. All costs associated with the maintenance, repair, replacement, insurance and operation of the foregoing Limited Common Areas, as well as reserves for the same, if any, shall be assessed only against the Beau Shoals Lots and the Beaux Bridge Lots as part of the Neighborhood Expenses under this Declaration.

Section 10. Beaufort East Village Neighborhood Limited Common Area. Subject to the terms of Section 8 above in this Article, and notwithstanding any contrary or unclear indications on any Plat, the following Recreational Amenity or Amenities (as identified on any Plat), if constructed, shall be Limited Common Area allocated for the exclusive use and enjoyment of the Beaufort East Village Neighborhood (and not by any Owners of Lots in other Neighborhoods): the “Cabana, Pool and Tot Lot” (inclusive of the cluster mailbox facilities therein) located or which may be located generally at the endpoint of Freedom Park Road in the Beaufort East Village Neighborhood. All costs associated with the maintenance, repair, replacement, insurance and operation of the foregoing Limited Common Areas, as well as reserves for the same, if any, shall be assessed only against the Beaufort East Village Lots as part of the Neighborhood Expenses under this Declaration.

Section 11. Stormwater Management. Except for maintenance responsibilities (i) placed on Owners by the Declaration and/or Legal Requirements, or (ii) assumed or undertaken by other Persons (for example, the City), the Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word “maintain” includes provision for maintenance of, which may include financial contributions toward maintenance of Stormwater Control Measures located on and/or shared with other properties not subject to the Declaration. Provided, however, such maintenance obligations shall cease and terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the City or State, through a department of public works or some other agency or division, accepts responsibility to maintain, in whole or in part, the Stormwater Control Measures for the Properties, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement which requires monetary payments by the Association to the Person who is performing the maintenance). Following any such assumption of maintenance by the City, State or other Person, the Association may, without obligation, continue to provide maintenance to the extent that the City, State or other Person fails to provide adequate maintenance, in the opinion of the Board, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the City, State or such other Person has not assumed maintenance responsibility, or following termination of the City's, State's or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures or portion thereof is located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification of the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which a Stormwater Control Measure is located shall not obstruct it or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all stormwater

drainage easements and stormwater management facilities located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures. All issues as to whether a stormwater drainage easement or stormwater management facility is part of the Stormwater Control Measures for which the Association is responsible or whether it is the responsibility of an Owner shall be determined by the Declarant during the Development Period (unless Declarant assigns such right to the Board), and thereafter by the Board.

Declarant, during the Development Period, and thereafter, the Association, subject to any approval required by the City or State may grant, relocate, abandon and/or release one or more stormwater drainage easements in the Properties, subject to the following: (i) the grant of any such stormwater drainage easement also must be consented to in writing by the Owners of all portions of the Properties on which such stormwater drainage easement is located, unless the stormwater drainage easement is shown on a previously recorded plat of such portions of the Properties, in which event the consent of the Owners is not required and the Declarant or the Association, as applicable, may grant the stormwater drainage easement by written instrument, and the required Owner consent shall not be unreasonably withheld, delayed or conditioned; (ii) no such relocation, abandonment or release shall materially adversely affect the portions of the Properties on which the stormwater drainage easement then is located or the portions of the Properties served thereby, or if it does have such material adverse effect it is consented to in writing by the Owners of all portion of the Properties on which such stormwater drainage easement is located and which are served thereby, and the required Owner consent shall not be unreasonably withheld, delayed or conditioned; and (iii) no such grant, relocation, abandonment or release shall materially adversely affect the Stormwater Control Measures for the Properties. The provisions of this paragraph also are applicable to any access easement over any portion of the Properties that provides pedestrian or vehicular access from a public sheet right of way or other public easement or facility to and from any Stormwater Control Measures.

With respect to its obligations under this Section, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements, Stormwater Agreements, and/or other agreements related to Stormwater Control Measures that are executed by the Association (or, during the Development Period, by the Declarant on behalf of the Association or for later assignment to the Association), and the Association (and, during the Development Period, the Declarant on behalf of the Association) may enter into Stormwater Agreements and/or other agreements and amend, add to, or supplement existing Stormwater Agreements and other agreements (and when Stormwater Agreements or other agreements are referred to in this Section, the reference includes amendments, additions, and supplements thereto), with the City, State another association that exists for purposes similar to those of the Association, or any other Person with respect to inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Properties and/or any or all of the Stormwater Control Measures for the Properties, whether such Stormwater Control Measures are located within or outside of the Properties. Such Stormwater Agreements and other agreements shall be binding on all Owners (or, with respect to Limited Common Property, all Owners to whose portion of the Properties such Limited Common Property is assigned), and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the City, State or such other Person in inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating or managing any part or all of such stormwater and/or Stormwater Control Measures, and such Stormwater Agreements and other agreements may include all other terms and obligations required by Legal Requirements. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Development Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Properties, and may grant

rights over, in, under, upon and through all easements in the Properties that provide pedestrian and/or vehicular access from a publicly dedicated street right of way to and from stormwater drainage easements and/or Stormwater Control Measures. Provided, however, during the Development Period no such Stormwater Agreement or other agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Properties (for example, because of the topography of the different Neighborhoods or phases of the Properties, as different portions of the Properties are developed it may be desirable for a portion of the Properties to have Stormwater Control Measures separate from and/or in addition to, other Stormwater Control Measures in or serving other portions of the Properties and it may be desirable for other portions of the Properties to utilize Stormwater Control Measures located outside of the Properties), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as flexible as reasonably necessary in order to maximize the benefit to the Properties of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the City or State, in fulfilling its obligations under the Declaration the Association (or, during the Development Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different Stormwater Agreements and other agreements for different portions of the Properties, and/or may amend, add to, or supplement existing Stormwater Agreements, subject to all of the other terms of the Declaration. It further is recognized and contemplated by the Declaration that if such multiple Stormwater Control Measures and/or Stormwater Agreements or other agreements are determined to be necessary or desirable: (i) the costs of maintaining such Stormwater Control Measures and/or funding such Stormwater Agreements or other agreements may be different for different portions of the Properties and annual assessments and/or stormwater assessments (as defined herein) may be different for Lots in different portions of the Properties (for example, there may be different portions of the Subdivision that have different Stormwater Control Measures or different portions of the Subdivision that share some of the same Stormwater Control Measures but also have one or more separate Stormwater Control Measures); and (ii) some Stormwater Control Measures may be classified as Limited Common Property (and during the Development Period Declarant has the right to designate Stormwater Control Measures as Limited Common Property, including existing and new Stormwater Control Measures in the Properties as well as existing and new Stormwater Control Measures associated with Additional Property).

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Properties, that as stormwater drains from the Properties or other properties into any of the Stormwater Control Measures for the Properties, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment, may flow through and/or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through and/or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal Requirements or by the Board) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned-up following such removal or other handling, that the costs associated with such removal, handling and/or clean-up are Common Expenses, and that an additional assessment may be required to pay for such removal and/or resultant clean-up of the Stormwater Control Measures.

Declarant may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under: Stormwater Agreements and other agreements entered into by the Declarant with respect to Stormwater Control Measures for the Subdivision, provided the Declarant has performed, or made adequate provision for the performance of all obligations, if any,

specifically required of the Declarant under the Stormwater Agreement or other agreement being assigned to the Association. The provisions of this Section shall be construed liberally in order to allow the Declarant and the Association, on behalf of the Subdivision and all Owners, the necessary flexibility to comply with all Legal Requirements with respect to stormwater, including the execution of Stormwater Agreements or other agreements with the City, State or other Persons and the granting of easements to the City, State or other Persons.

Section 12. Impervious Surface and Built Upon Area. The Reviewer shall (i) review, approve or disapprove all development plans, and (ii) in its sole discretion review, approve or disapprove all new construction on any Lot and any additions to existing Improvements on any Lot, for the purpose of maintaining compliance with the permitted limits, including any impervious surface requirements, for any built upon area (the "BUA Limits") within the Community as may be required by any applicable Governmental Authority. Any Plans must include and show any and all proposed built upon areas. The ACC shall keep records of all Approved Plans and shall make such records available to the North Carolina Department of Environmental Quality upon written request, all in accordance with the Governing Documents. Approval of any Plans shall not relieve the Owner, Builder or applicant from any obligation and responsibility to comply with all Legal Requirements with respect to any BUA Limits. The Association shall have the right but not the obligation to use permeable pavement or permeable concrete for driveways, parking pads, alleys and parking lots in the Common Areas within the Community to comply with any BUA Limits required by the applicable Governmental Authority for development of the Community.

ARTICLE IV EASEMENTS AND PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Easements and Agreements Regarding Association Property. All Common Areas, including Limited Common Areas, shall be subject to, and Declarant and the Association do hereby reserve or grant, as applicable, the following easements:

(a) Use of Common Areas. An easement in favor of Declarant and any Builder for the exclusive use of such portions of the Common Areas, including, but not limited to any recreational facilities on the Common Area, as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the marketing or sale of; any Lots, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all Persons whom the Declarant or any Builder shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers, and their subcontractors, of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant or any Builder. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate two (2) years after the later of the end of the Development Period or the date that all of the Lots are Improved Lots. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Areas shall be used by authorized persons pursuant to the exercise of the easements herein stated.

(b) Declarant Activities. Notwithstanding any provision contained in this Declaration, the Bylaws or the Articles of Incorporation to the contrary, or any amendments thereto, until the expiration of the Development Period, Declarant expressly reserves for itself, and any Builder, and any Person authorized by Declarant or any Builder, in the sole discretion of the Declarant or Builder (as applicable) and without payment of any fee or charge or compensation to any Person for doing so, the right to do any and all of the following, which right also includes the right of vehicular and pedestrian access, ingress, egress and regress over any portion of the Property reasonably necessary for the exercise of the

right to: (i) tie into any portion of the Property with driveways, parking, areas, and walkways; (ii) tie into and/or maintain any device which provides utility or similar service including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under, or over the Property; (iii) carry on sales, marketing, and promotional activities on the Property; (iv) construct and operate business offices, signs, construction trailers, and model residences; and (v) maintain and carry on, upon such portion of the Property as Declarant or any Builder (as applicable) may deem necessary, such facilities and activities as may reasonably be desired by the Declarant, Builder, and such authorized Persons. The rights of Declarant, Builder, and any Person approved by Declarant under this subsection shall further specifically include, without limitation, the right to keep entrances to the Property unlocked and open during the sales office hours.

Section 2. Easements Over All Lots. The Lots shall be subject to, and the Declarant does hereby grant, the following non-exclusive perpetual and temporary easements for the enjoyment of Declarant, the Association, any Builders, and any subcontractors authorized by Declarant or Builder, the Members, the Owners, and the successors-in-title of each:

(a) Easements Shown on Plats. Each portion of the Property shall be subject to all easements, borders, setbacks, buffers and other matters which are shown and depicted on the Plats as affecting and burdening such portion of the Property.

(b) Entrance Monuments. Any Lot on which an entrance monument, sign, or other improvement (including landscaping, walls, fences) related to such entrance monument or sign is located, or on which there is an easement reserved for any such entrance monument, sign, or other improvement, shall be subject to a perpetual easement in favor of the Association (and during the Development Period the Declarant) for maintenance of such entrance monument or sign and related improvements which are or will be located on said Lot. The Owners of these Lots shall not remove, camouflage, damage or otherwise alter in any way said entrance monuments or sign and related improvements. These same Lots shall also be subject to a temporary easement for real estate sales signs which shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and Builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such temporary easement shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate thirty (30) days after all Lots in the Community are Improved Lots.

(c) Entry. Each Lot shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Lot under such circumstances and for such purposes as are described elsewhere in this Declaration.

(d) Encroachments. Reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, are hereby established between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

(c) Maintenance. Each Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Lots as provided for in the Article entitled "General Maintenance and Neighborhood Maintenance" herein.

(f) Private Streets. All Lots shall be subject to a perpetual easement in favor of the Association and all other Lot Owners for maintenance, management, repair, landscaping, and non-exclusive use and enjoyment of the private streets, lanes, drives and alleyways which are located on the Property, as shown on the Plats, whether said streets and drives are located in the Common Areas or are located on Lots. This easement right includes the right of contractors engaged by the Association to enter upon the Lots from time to time as necessary in order to perform such repair and maintenance work. The Owners of the Lots shall not impair access to, or otherwise alter in any way, said street and drives. The Association shall also have the right, but not the obligation, to cut, remove and plant trees, shrubbery and flowers along said streets, drives and alleyways.

(g) Slope Control. Each Lot shall be subject to an easement in favor of the Declarant, the Association, Builders, and subcontractors, as well as any Governmental Entity for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow.

(h) Surface Water Drainage. Each Lot shall be subject to a perpetual easement in favor of the Association and all other Lots for the drainage of surface waters over and across such Lot.

(i) Utilities. Each Lot shall be subject to a perpetual easement in favor of the Declarant, the Association, Builders, and subcontractors, as well as any Governmental Entity or public utility company who installs, provides, or maintains such services, for the erection, installation, construction and maintenance of wires, lines, conduits, attachments, and other facilities and equipment, both above and below ground, in connection with the transmission of electricity, gas, water, telephone, community antennae or satellite dish, television cables, systems for sending and receiving data and/or other electronic signals, security and similar systems, and other utilities. The easement rights to which the Lots shall be subject shall include the right of employees, agents or contractors engaged by the Declarant, or any Builder, the Association, the City, or the applicable utility company, to enter upon said Lots from time to time as necessary in order to perform repair and maintenance work and to read utility meters. The Association shall be responsible for the maintenance and management of the private water and sewer facilities, if any, located on or under the Common Areas.

Section 3. Specific Easements. Declarant reserves for itself, during the Development Period, the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarants sole discretion, in connection with the orderly development of any portion of the Property. The Association (with respect to Common Area) or the Owner of any Lot to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant and if any such easement burdens any portion of the Property owned by a Builder, then such Builder's written consent shall be required to grant such easement. The location of the easement shall be subject to the written approval of the Association or other Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

Section 4. Minimal Interference. All work associated with the exercise of the easements described in this Article shall be performed in such a manner as to minimize interference with the use and enjoyment of the portions of the Property burdened by the easement. Upon completion of the work,

the Person exercising the easement shall restore the affected portions of the Property, to the extent reasonably possible, to the same or better condition in which it was in immediately prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into any Dwelling or other structure on any Lot or the Common Area, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

Section 5. Easements for Maintenance, Emergency, and Enforcement. Easements are hereby established for the Association over the Property as may be reasonably necessary to enable the Association to fulfill its maintenance responsibilities under the Declaration. The Association also shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Section 6. Use Easements. A "Use Easement" shall be established upon all Lots shown and depicted on a Plat that contain a point on an interim lot line designated as a "Use Easement Point". Said Use Easement shall extend from said Use Easement Point along a line parallel with the right-of-way line or parallel with the chord bearing of the arc of the street upon which said Lot fronts to the foundation of the residence constructed nearer to said Use Easement Point, thence, with said foundation wall, and extending beyond said foundation wall to the rear lot line of the Lot, thence, with the rear lot line to the interior lot line, thence with said interior lot line, back to the Use Easement Point

The Use Easements established hereby shall be perpetual and shall be for the benefit of the Owner of the Lot adjacent to said easement for ingress, egress and regress over and upon said easement and for purposes of making landscape and hardscape improvements thereupon as may be approved by the ACC. Any improvements placed upon the Use Easement shall be upon the express condition that said improvements must not be attached to any structures on the servient Lot nor made in such a manner as to cause damage to the property of the Owner of the servient Lot and must not be located in such a manner so as to prevent the Owner of the servient Lot from having unimpeded access to the structure(s) upon his Lot for purposes of maintenance and repair. Further, said improvements must be maintained by the party making said improvements. In the event the Owner of the dominant Lot fences in the Use Easement area, a gate must be erected along the side lot line of the Owner of the servient Lot for access purposes.

Section 7. Cemetery Lot. In the event that any Lot (or portion of the Lot) in the Beaux Bridge Neighborhood is identified as cemetery, then the cemetery thereon shall be maintained and insured by the Association as though it was a Common Area under this Declaration, and all easement rights as described in this Article are hereby reserved as reasonably necessary (and as likewise shown on the Plat if shown) , 1) to allow Declarant and the Association access to the cemetery for maintenance purposes, and ii) to allow access for visitation to the cemetery by anyone wishing to visit the deceased who have been buried therein. The cost of maintenance and insurance of any such cemetery as described herein, if any, will be a Common Expense of the Association with assessments from all Owners going towards the expense (not just those in the Beaux Bridge Neighborhood).

ARTICLE V THE ASSOCIATION

Section 1. The Association. Declarant has caused or will cause the Association to be formed,

and the Association does or will exist under its Articles of Incorporation and Bylaws. The Association is and shall be responsible for the maintenance of the Common Area including all Limited Common Area, the enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as are required of the Association under the Governing Documents or as the Board of Directors shall deem to be in the best interests of the Members or applicable portion of Members of the Association. The Association shall have all rights and powers reasonably necessary to provide the services and perform the obligations and functions required of it by the Governing Documents.

Section 2. Membership. Each and every Owner of a Lot is a Member of the Association, with classes of membership as provided herein, and, by execution of the Declaration or by acceptance of a deed conveying to such Owner title to any Lot, each Owner consents to be a Member of the Association and to be subject to the terms of the Governing Documents. Membership shall be appurtenant to and may not be separated from ownership of the Lot. An Owner's membership in the Association automatically terminates whenever such Person ceases to be an Owner, and Declarant shall be the Class B Member at all times that Declarant owns at least one (1) Lot (which may consist of any unsubdivided land owned by Declarant if Declarant owns no other Lots in the Properties). Termination of membership shall not release or relieve any such Owner from any liability or obligation incurred under the Declaration during the period of such Owner's membership in the Association, nor impair any rights or remedies which the Association or any other Owner has with respect to such former Owner.

Section 3. Classes of Membership Voting Rights. The Association initially shall have two classes of voting membership: Class A and Class B.

(a) Class A. The Class A Members shall be all those Persons holding an interest required for membership in the Association, as specified in this Article, except for those Persons who are Class B Members. Until such time as the Class A Members shall be entitled to full voting privileges, as hereinafter specified, the Class A Membership shall be a non-voting membership except as to such matters and in such events as are hereinafter specified.

The Class A Members shall be entitled to full voting privileges on the earlier of the following dates to occur: (i) the date which the Declarant may so designate by notice in a writing delivered to the Association, or (ii) the end of the Development Period. Provided, however, prior to entitling Class A Members to full voting privileges, in any such notice delivered by Declarant to the Association, Declarant may entitle Class A Members to limited voting privileges, subject to such terms and conditions as Declarant, in its sole discretion, determines (provided, however if not sooner granted, the Class A Members shall have full voting privileges upon the expiration of the Development Period). Until the earlier of these dates occurs, the Class A Members shall be entitled to vote only on matters for which it is provided by law that approval of each and every class of membership of the Association is required. When entitled to vote, Class A Members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership regardless of the number of Class A Members who own the Lot; in no event will more than one (1) vote be cast per Lot.

(b) Class B. Declarant shall be the only Class B Member. Class B membership shall be a full voting membership and, during its existence, the Class B Members shall be entitled to vote on all matters and in all events. During all times that the Class B membership exists the Class B Member is the only Member eligible to vote on Association matters, unless a Legal Requirement requires that all Members have a right to vote. With respect to each Association matter on which all Members are eligible to vote, the Class B Member has ten (10) votes for each Lot owned by Declarant and ten (10) votes for each Lot owned by a Person other than Declarant. Any one or more times that the Class B

membership terminates because Declarant owns no Lots, and Declarant later acquires ownership of one or more Lots, the Class B membership shall be reinstated until such time as Declarant again owns no Lots. With respect to any Additional Property annexed to this Declaration by Declarant, Declarant may provide for such additional Class B Member votes in the Association as Declarant determines, in its sole discretion, and such additional Class B Member votes in the Association shall be added to the other Class B Votes in the Association possessed by Declarant to determine the total number of Class B Member votes in the Association. Provided, however, if no specific Class B Member votes is provided by Declarant for Additional Property annexed to this Declaration, Declarant shall have ten (10) votes for each Lot owned by Declarant and ten (10) for each Lot owned by a Person other than Declarant. At such time as the Class A Members shall be entitled to full voting privileges, as provided in paragraph (a) hereof, the Class B membership shall automatically terminate and cease to exist, and the Class B Member shall be and become a Class A Member insofar as it may then hold any interest required for membership.

(c) In recognition of the different character and intended use of Additional Property that is annexed to this Declaration, or of portions of the Property previously subjected to this Declaration whose character and intended use changes subsequent to being subjected to this Declaration, during the Development Period Declarant, in its sole discretion, may, by Annexation Declaration or Supplemental Declaration, create additional classes of membership for the owners of Lots within any such Additional Property being annexed to this Declaration or within any such portion of the Property that previously has been subjected to this Declaration. These classes of Members shall have such rights, privileges and obligations as specified in such Annexation Declaration or Supplemental Declaration, including votes in the Association that are different from votes allocated to previously existing classes of Members, and including liabilities for assessments that may be different from the liabilities of previously existing classes of Members.

Section 4. Suspension of Membership Rights. The membership rights of any Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such Members obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the Member's Lot in favor of the Association for unpaid assessments or other obligations under the Governing Documents.

Section 5. Meetings of the Membership. All matters concerning the meetings of Members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to Members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in the Governing Documents or Legal Requirements.

Section 6. Exercise of Voting Rights. The exercise of voting rights shall be governed by the Articles and/or Bylaws of the Association, as applicable, including quorum requirements and exercise of voting rights by written consent or other method allowed in the Articles and/or Bylaws instead of a vote at a meeting of the Association, or by any combination of voting at a meeting and other method of voting as allowed in the Articles and/or Bylaws. Any provision of this Declaration or other Governing Documents that refers to a vote of the membership of the Association shall not preclude the exercise of voting rights by such other methods. When there is more than one Owner of any Lot, all such Owners shall be Members and the voting rights allocated to their Lot shall be exercised as they, among themselves, determine (subject to any applicable provisions of the Articles or Bylaws), but fractional voting of the votes allocated to such Lot shall not be allowed.

Section 7. Association Acts Through Its Board of Directors. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or

approval shall be by the Board of Directors of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation or the Bylaws with respect to such action, inaction or approval that the Members of the Association must vote. No member of the Board of Directors of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B Member) shall be personally liable to any Owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever while acting in the capacity of a member of the Board, officer of the Association, or member of a committee appointed by the Board, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud. The foregoing shall not preclude such Person who also is the Owner of a Lot from being liable for matters in the same manner and to the same extent as Owners of other Lots with respect to matters not related to such Person's actions as a member of the Board, officer of the Association, or member of a committee appointed by the Board.

Section 8. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any Person to manage the affairs of the Association, or any part thereof, as the Board of Directors deems to be in the best interests of the Association. The Board may delegate such authority to such Person, and authorize such Person to act on behalf of the Association, as the Board determines in the exercise of its discretion.

Section 9. Period of Declarant Control. During the Development Period, the Declarant shall be entitled to appoint, remove, and replace all of the directors of the Board and the officers of the Association, or Declarant may authorize one (1) or more directors of the Board to be elected by the Class A Members of the Association, upon such terms and conditions as Declarant, in its sole discretion, determines. Notwithstanding the previous sentence, for any period of time that Lennar is the Owner of a Lot in the Community or has the right to purchase a Lot in the Community from Declarant, Lennar shall be a director of the Board; provided, however, Lennar shall automatically be removed as a director of the Board (i) for any period of time Lennar is in default beyond an applicable cure period pursuant to that certain Amended and Restated Agreement for the Purchase and Sale of Real Property dated August 4, 2016, as may be further amended and supplemented (or extended) from time to time, by and between Lennar and Declarant (and Lennar shall automatically be reinstated as a director of the Board upon the cure of such default) or (ii) if Lennar is not an Owner of a Lot in the Community and does not have the right to purchase a Lot in the Community from Declarant. Quorum requirements at any meeting of the Association or the Board are not applicable to Declarant's right to appoint, remove, or replace directors and officers.

ARTICLE VI ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Lot, covenants and agrees to pay to the Association all assessments and charges which are levied by the Association against the Lot(s) owned by such Person in accordance with the terms and provisions of the Act or the Governing Documents. All assessments and charges shall be established and collected as hereinafter provided. All assessments and charges remaining unpaid for a period of thirty (30) days or longer, together with the costs of collection thereof, including reasonable attorneys' fees, shall constitute a lien on the Lot against which they are assessed or charged from the time of the filing of a lien in the office of the Clerk of Superior Court of Carteret County, North Carolina, and shall be the personal and continuing obligation of the Person who was the Owner of such Lot at the time when the assessment or other charge first became due and payable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid, as the covenant to pay assessments herein stated

is and shall be a covenant running with land.

No Owner shall be exempt from liability for any assessment provided for herein by reason of non-use of the Common Area or such Owner's Lot, or abandonment of a Lot, or temporary unavailability of the use or enjoyment of the Common Area. No Owner shall be relieved of, or released from, the obligation to pay assessments and other charges under the Governing Documents because of any resignation or attempted resignation by such Owner of membership in the Association while such Owner owns a Lot, or because of any suspension of such Owner's membership or membership rights in the Association as allowed under the Governing Documents.

If necessary to establish the right to collect reasonable attorneys' fees under the Declaration, any obligation of an Owner to pay assessments or other charges or monetary obligations under the Declaration shall constitute evidence of indebtedness for the purpose of establishing under Section 6-21.2 of the North Carolina General Statutes (or any successor statute) the right to collect reasonable attorneys' fees in any action or proceeding to enforce or collect payment of such obligation. Provided, however, the foregoing sentence specifically is intended to supplement, and not to interfere, limit, invalidate or be in conflict with, any provisions of the Act with respect to reasonable attorneys' fees.

Section 2. Purposes of Assessments. The assessments levied by the Association pursuant to this Article shall be used to pay the Common Expenses and other charges as required or allowed by the Declaration. Without limiting the generality of the foregoing, the Association may assess the following types of assessments for payment of the Common Expenses: (i) annual assessments; (ii) working capital assessment; (iii) stormwater assessments; (iv) special assessments for capital improvements or other matters as set forth herein; (v) special individual assessments levied against an Owner to reimburse the Association for maintenance expenses resulting from the failure of such Owner to maintain adequately that Owner's Lot, or for damages to Common Elements, or for such other purposes as stated herein; (vi) architectural review fees and costs as specified herein; (vii) fines for violations of Restrictions and Rules and/or Association rules and regulations with respect to use of the Common Elements; (viii) late payment penalties and interest on unpaid assessments and other charges; and any other assessments, if any, for any/all of the following purposes: (1) costs and expenses incurred by the Association in connection with the maintenance of the Common Area and the Association's other operations; (2) payment of the premiums for all fidelity bonds which shall be obtained by the Association; (3) the payment of the fees of such management firms as the Board of Directors shall employ; (4) payment of fees for the provision of such professional services as the Board of Directors shall determine to be required by the Association, including but not limited to legal, accounting and architectural services; (5) loans to the Association for construction of the Recreational Amenities; and (6) other charges imposed under authority contained in the Act (specifically including all fees allowed under Section 47F-3-102 of the Act) or Governing Documents (architectural review fees, fines, penalties, interest and other fees and charges all being referred to herein collectively as "other charges"), and, in addition to such assessments and other charges, to pay all costs, fees and expenses, including reasonable attorneys' fees, incurred by the Association in enforcing or collecting any of the foregoing assessments or other charges against such Owner or the Lot of such Owner; and (7) such other purposes as the Board of Directors shall deem necessary or desirable to promote the health, safety and welfare of the Association and its Members.

All assessments and other charges collected by the Association shall be the separate property of the Association. As assessments and other charges are paid to the Association by Owners, such funds may be commingled with assessments and other charges paid to the Association by other Owners. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer, such Member's interest in the assets of the Association, except as an appurtenance to the Lot owned by such Member. When any Owner ceases to be a Member of the Association, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association or any portion

thereof which may have been paid to the Association by such Owner or acquired with any funds paid to the Association by such Owner.

Section 3. Commencement and Liability for Payment. The assessments provided for herein shall commence as to a Lot on the date that a Lot becomes an Improved Lot and is owned by a Person who is not the Declarant or a Builder (it being express that Builders shall pay no assessments of any kind hereunder for Lots owned by Builders) with all Improved Lots owned by the same class of Members of the Association being assessed equally, except for any additional assessments that may be required to pay Neighborhood Expenses associated with a Lot which such assessments shall only be assessed against those Lots in the Neighborhood benefitted by the Neighborhood Expenses. The Annual Assessment for any Lot that first commences with respect to such Lot on any day other than the first day of the applicable fiscal year of the Association is determined for that first fiscal year by multiplying the applicable Annual Assessment amount by a fraction whose numerator is the number of days remaining in that fiscal year from and after the day on which it becomes a Lot and whose denominator is the total number of days in that fiscal year.

Section 4. Operating Budget and Annual Assessment. For the fiscal year beginning on such date as the Board shall determine in its sole discretion and for subsequent fiscal years, the Board shall adopt for each fiscal year a proposed "annual operating budget", also referred to herein as the "budget", containing an estimate of the total amount believed to be necessary to pay all of the Common Expenses for that fiscal year (including, at the Board's discretion, estimated amounts for unexpected contingency items). Based on such proposed budget, the Board shall determine the amount to be assessed against each Lot for that fiscal year to fully fund the proposed budget, such amount being referred to herein as the "annual assessment". In adopting a proposed budget and annual assessment, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the applicable fiscal year. In the Board's discretion, a proposed budget may include a provision that allows the Board to assess and collect from the Owners during the applicable fiscal year, without the necessity of revising the budget and holding a meeting of the membership of the Association to vote on ratification of the revised budget, one or more additional annual assessments, not to exceed a total amount as specified by the Board, as necessary to pay for Common Expenses that exceed the budgeted amount and/or new or unexpected additional Common Expenses incurred during the applicable fiscal year.

Within thirty (30) days after adoption of the proposed budget, the Board shall provide a copy or summary of the proposed budget and annual assessment to all Members (a copy or summary provided to any one (1) of multiple Owners of a Lot is deemed to be provided to all Owners of such Lot), together with a notice of the annual or special meeting of the Association at which ratification of such proposed budget will be considered, including a statement that the proposed budget may be ratified without a quorum for the meeting. The annual or special meeting at which ratification of the proposed budget is to be considered shall be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting at which ratification of the proposed budget is to be considered (although if other matters are to be considered at such meeting applicable quorum requirements are in effect with respect to those other matters). The budget is ratified unless rejected at that meeting as follows: (i) if the proposed annual assessment does not exceed the annual assessment for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing ninety percent (90%) or more of the total number of votes in the Association reject it; (ii) if the proposed annual assessment per Lot exceeds the actual annual assessment per Lot for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing sixty-seven percent (67%) or more of the total number of votes in the Association reject it. In the event that the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the

Board Of adopted by the Members.

Beginning with the annual assessment for the first fiscal year as the Board shall determine in its sole discretion, the Association shall send written notice of each annual assessment to the Members of the Association (for purposes of notice of all assessments under the Declaration, notice sent to any one (1) of multiple Owners of a Lot is deemed to be notice sent to all of such Owners) not less than thirty (30) days in advance of the payment due date specified in the notice (which shall not be earlier than the first day of the applicable fiscal year), which written notice may be in the form of an invoice for the annual assessment, or which written notice may be included in the notice of the meeting to vote on the proposed budget. The failure of the Board to establish the amount of any annual assessment or send timely notice as required herein shall not constitute a violation, waiver or modification of the provisions of the Declaration, or a waiver of the Board's right to establish and collect the annual assessment at any time during the fiscal year to which it is applicable, or a release of any Member from the obligation to pay the assessment or any installment thereof for that or any subsequent fiscal year. Until the Board has established an annual assessment for a fiscal year, the annual assessment for the immediately preceding fiscal year shall continue in effect, but when the new annual assessment is established, it shall be retroactive to the first day of the applicable fiscal year, and notice of same shall be sent to the Members not less than thirty (30) days in advance of the payment due date specified in the notice. If the annual assessment for any fiscal year has not been established by the last day of the immediately preceding fiscal year, the Board may send a notice of assessment to the Members for the amount of the immediately preceding fiscal year's annual assessment, together with notice that a new assessment may be established for that fiscal year that may require an additional payment. Once the new annual assessment is established, any additional amount owed is due and payable by the payment due date specified in a supplemental notice to the Members sent not less than thirty (30) days in advance of the payment due date specified in the supplemental notice.

During any fiscal year, the Board may revise the budget and adjust the annual assessment (including the maximum amount of any additional annual assessment), subject to the same notice and ratification requirements as those applicable to the initial budget for that fiscal year. Upon ratification of a revised budget, it shall replace all previously ratified budgets for the applicable fiscal year.

Section 5. Special Assessments. In addition to other authorized assessments, the Association may levy "special assessments" during any fiscal year to pay for any or all of the following: (i) unbudgeted Common Expenses; (ii) Common Expenses in excess of those budgeted; or (iii) the costs of any capital improvements or capital repairs. No special assessment shall be imposed unless approved by the affirmative vote of fifty percent (50%) or more of the votes cast by the Members present at a meeting of the Association and, during the Development Period, the written consent of the Declarant. Notices for all meetings of the Association at which there is to be a vote on a special assessment shall include notice of the purpose and amount of the proposed special assessment. A special assessment is effective on the later of the date it is approved by the Members or Declarant (if such approval is required), or such later date adopted by the Members in the vote approving the special assessment, and is due and payable as established by the vote of the Members approving the special assessment, or, if not established by such vote of the Members, as established by the Board. Each Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this section.

Section 6. Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Area, or of any monument, landscaping, detention pond or other thing maintained by the Association, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (ii) for the payment of fines,

penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder; provided, that Declarant shall not be obligated to pay any specific assessments. Failure of the Board to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this section in the future with respect to any expenses.

Upon the establishment of a specific assessment under this section, the Board shall send written notice of the amount and due date of such specific assessment to the affected Owner (s) at least thirty (30) days prior to the date such specific assessment is due.

Section 7. Neighborhood Assessments. The Board may specifically assess Owners of Lots within Neighborhoods for Neighborhood Expenses as follows: (a) expenses of the Association which benefit all of the Lots in a Neighborhood but not the Lots in other Neighborhoods may be specifically assessed equitably among all of the Lots in such Neighborhood according to the benefit received; and (b) expenses of the Association which benefit all Lots in a Neighborhood, but which do not provide an equal benefit to all such Lots, may be assessed equitably among all Lots in the Neighborhood according to the benefit received.

Neighborhood Expenses shall be budgeted and Neighborhood Assessments shall be determined subject to the same procedures in this Declaration for establishing budgets for Common Expenses and determining annual assessments and special assessments to pay for Common Expenses.

Section 8. Special Assessment for Working Capital Reserve. Upon the first transfer of title to an Improved Lot, but not thereafter, there shall be levied against such Improved Lot and paid to the Association by the transferee of said Improved Lot a special assessment in such amount as the Association shall determine in its sole discretion (which amount may differ from Neighborhood to Neighborhood and among types of Lots [Townhome or detached Dwelling Lots]; for example Townhomes may have higher initial assessments for capital reserves if it is expected that higher levels of capital maintenance is required to support Townhome obligations of the Association). The Association shall use all special assessment payments which shall be so received by it pursuant to this section to establish a working capital reserve fund for use in connection with capital repairs and capital improvements, and some portion of the same may be allocated towards Neighborhood Expenses (within the Neighborhood in which the Lot for which the assessment is being paid is located).

Section 9. Collection of Assessments; Penalties for Late Payment.

(a) Assessments may be collected on a monthly, quarterly, annual or other basis, as determined from time to time by the Board, with the payment due date to be specified in the notice of the applicable assessment. The billing schedule and payment due date shall be the same for all Owners. Provided, however, the Board has the power, in its sole discretion and upon such terms as the Board deems appropriate, to allow percentage discounts to Owners who pay assessments earlier than the payment due date therefor; provided, however, all such discounts shall be made available and applied uniformly to all Owners.

(b) Subject to any limitations contained in the Declaration, other Governing Documents, or any Legal Requirement, the Board has the authority to establish the payment due dates, interest rate on unpaid amounts, and penalties for late payment of assessments and other charges. Assessments and other charges not paid by the payment due date shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under Legal Requirements, or (iii) the amount, if any, established by the Board (or, in the absence of any amount being established by the

Board, the lesser amount otherwise established by this subsection). In addition to the obligation to pay the assessment and other charges and interest charges thereon, the defaulting Owner also shall pay all of the Association's costs and expenses of collection thereof, including reasonable attorneys' fees.

(c) The Board may authorize a management company or other billing agent, on behalf of the Association, to bill and collect all assessments and other charges payable under the Declaration.

Section 10. Certification of Assessments Paid. The Association, or any property manager or agent authorized by the Association, upon written request, shall furnish to any Owner or such Owner's authorized agents, a certificate signed by an officer of the Association or other Person authorized by the Board to give such certificate setting forth whether or not and through what date the assessments and other charges against that Owner's Lot have been paid, and the amount of any unpaid assessments or charges. The certificate shall be furnished within ten (10) business days after receipt of the request therefor and is binding on the Association, the Board and every Owner. The Association or property manager or agent authorized to furnish the certificate may charge a reasonable fee for furnishing the certificate as established or approved by the Board.

Section 11. Assessment Lien and Foreclosure. The assessments and other charges provided for herein shall be the personal and individual debt of each Person who, at the time of the assessment or other charge, is an Owner of the Lot against which they are assessed or charged. Any assessment or other charge not paid on or before the payment due date and remaining unpaid for a period of thirty (30) days or longer, together with the fines, penalty and interest charges as provided in the Declaration, plus the costs of collection (including reasonable attorneys' fees), shall be a charge and continuing lien on the Lot against which they are assessed or charged from and after the date on which a claim of lien is filed by the Association in the office of the Clerk of Court of the County in which the Lot is located. Except as otherwise provided in the Declaration or by Legal Requirements, such lien shall be superior to all other liens and charges against the Lot. The Board shall have the power, in its sole discretion, to subordinate the Association's lien to any other lien. The claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed. In addition to the claim of lien, the Association may execute, issue or record such other evidence of the lien as the Board deems necessary. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under a power of sale or in any other manner allowed or required by Legal Requirements, and/or the Association may institute suit against the Owner personally obligated to pay the assessment or charge, and/or the Association may seek any other available remedy or relief. In any foreclosure proceeding, the Association shall have the right to appoint a trustee or commissioner (or other appropriately named Person) to implement the foreclosure, and the defaulting Owner shall be required to pay the costs, expenses, trustee's (or commissioner or other) fees, and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on and purchase the Lot at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal therewith. The remedies against a defaulting Owner and such Owner's Lot are cumulative and not mutually exclusive, and the Association may seek none, or any one or more of such remedies, separately or simultaneously, as deemed appropriate by the Board.

Section 12. Lien Priority. The lien for unpaid assessments and other charges provided for herein is prior to all liens and encumbrances on a Lot except (1) liens for ad valorem taxes on the Lot; (2) the lien of any first priority mortgage covering the Lot and the lien of any mortgage recorded prior to the recording of this Declaration; (3) the lien of any secondary purchase money mortgage covering the Lot, provided that neither the grantee nor any successor grantee on the mortgage is the seller of the Lot; and (4) the lien of any mortgage given by any Builder or other Person to secure payment of any sum owed to the Declarant, whether or not Declarant is the seller of the Lot liens and encumbrances. Provided,

however, this Section does not affect the priority of mechanic's or materialmen's liens. A lien for unpaid assessments and other charges is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the docketing of the claim of lien in the office of the County Clerk of Court of the County in which the Lot is located. Where the holder of a First Mortgage, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a First Mortgage or deed or other proceeding in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Owners, including such purchaser, its heirs, successors, and assigns in the event that the Association is unable to collect, or chooses not to pursue collection, from the Person who was the Owner of the Lot during the time the assessments were assessed against the Lot.

Section 13. Exempt Property. All Exempt Property is exempt from the assessments, charges and liens established pursuant to the Declaration.

Section 14. Declarant's Obligation to Fund Budget Deficits.

(a) During the existence of the Class B membership, Declarant may satisfy its obligation for payment of annual assessments on Lots which it owns either by paying annual assessments in the amount per Lot assessed for that fiscal year or by paying the difference between the total amount of the actual annual assessments levied on all other Lots subject to assessment and the amount of actual expenditures by the Association during the fiscal year for items contained in the budget (paying the difference being referred to herein as the "deficit funding obligation" or "funding the deficit"). Unless Declarant otherwise notifies the Board prior to the Board's adoption of a proposed annual operating budget for the next fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the current fiscal year Declarant has elected to fund the deficit. The deficit funding obligation does not include any expenses that the Association is unable to meet because of nonpayment of any assessment by Owners other than the Declarant, or because of unusual or extraordinary or unanticipated expenses not included in the annual operating budget (for example, a judgment obtained against the Association, or a Common Expense obligation caused by the negligence or misconduct of any Owner or occupant). The deficit funding obligation of the Declarant may be enforced against the Declarant and collected by the Association in the same manner as enforcement and collection of assessments applicable to other Owners.

Regardless of Declarant's election as to payment of annual assessments or funding the deficit, Declarant's obligations with respect to annual assessments may be satisfied by Declarant by any combination of the provision of services or materials toward satisfaction of Common Expenses (including payment for such services or materials directly to the providers thereof), or payment of money to the Association. Beginning with the first fiscal year after the end of the Class B membership, Declarant shall pay annual assessments on its Lots in the same manner as any other Owner.

Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the annual and special assessments for such fiscal year. Such advances shall be evidenced by promissory notes from the Association in favor of the Declarant and shall be paid back to Declarant if and to the extent that sufficient funds are generated by assessments in future years until such time as Declarant no longer has the authority to appoint the directors and officers of the Association.

**ARTICLE VII
ARCHITECTURAL CONTROL**

Section 1. Architectural Control.

(a) Except for ordinary and routine maintenance to an existing improvement, and excluding planting and maintenance of flowers, bushes, grass and trees that do not result in any material change in the landscaping approved as part of the Approved Plans ("material" being as determined from time to time by the Reviewer) or allowed by Architectural Guidelines without the necessity of obtaining Approved Plans, and except as otherwise provided herein (for example, portions of the Property exempt from architectural review), no improvement, and no alteration, addition to, or changes to any Improved Lot (including any conversion of a garage or carport into living space) shall be commenced, nor shall any of the same be placed, altered or allowed to remain, until the Reviewer has approved in writing the Plans therefore, or the Architectural Guidelines allow the improvement without the necessity of obtaining Approved Plans.

(b) No structure or Improvement shall be constructed, placed at or installed upon any Improved Lot in a location without the prior written approval of the ACC, which approval may be withheld in the sole discretion of the ACC, including but not limited to restrictions on BUA Limits on any Lot. No fence shall be constructed or erected upon any Improved Lot in any location without the prior written approval of the ACC. No chain link fences shall be erected or maintained on any Lot or other portion of the Property.

Section 2. Combination of Lots. Contiguous Lots may not be combined together without prior written consent of the Declarant, during the Development Period, and thereafter by the Board of Directors. In the event that the Declarant or Board of Directors, as applicable approves such a combination, such combination shall thereafter be deemed to be a single Lot for all purposes of this Declaration, except that notwithstanding the foregoing, the amount of assessments for which such single Lot shall be thereafter liable shall be equal to the total assessments for which all of the Lots which were so combined would have been liable had such combination not taken place.

Section 3. Architectural Review.

(a) Until the later of the end of the Development Period or the date on which one hundred (100%) percent of the Lots are Improved Lots and are owned by Persons other than the Declarant (such period of time being referred to herein as the "Declarant Review Period"), the Declarant has the sole right under the Declaration to serve as the Reviewer with respect to all improvements. In reviewing and acting upon any request for approval of Plans for improvements, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant, in its sole discretion, may designate one or more Persons to act on its behalf in reviewing Plans. Declarant may, at any time and from time to time, temporarily or permanently, but without any obligation to do so, delegate all or any portion of its rights reserved under this Article to an ACC. Prior to the end of the Declarant Review Period, Declarant may modify or terminate any or all its rights reserved under this Article in whole or in part, at any time and from time to time, temporarily or permanently, by recording an instrument in the Registry describing the action taken by Declarant.

(b) Upon delegation by Declarant during the Declarant Review Period, and upon the end of the Declarant Review Period, the Association, acting through an ACC appointed by the Board, shall assume jurisdiction and responsibility for architectural review under this Article. The members of any ACC need not be Members of the Association or representatives of Members, and may, but need not, include architects, landscape architects, engineers or similar professionals. The number, qualifications, composition, jurisdiction, procedures (including appeal of its decisions to the Declarant or Board), and compensation of the members, if any, of the ACC shall be established from time to time by the Declarant or Board, as applicable.

(c) The Declarant or the Board, as applicable, may establish and charge reasonable fees for review of applications and Plans hereunder and may require such fees to be paid in full prior to review thereof. Such fees may include the reasonable costs incurred in having any Plans reviewed by architects, engineers or other professionals. If any such fees are required in connection with any review, no Plans submitted for review shall be complete until such fees are paid.

Section 4. Review Procedures. When Approved Plans are required for commencement of any improvement, the required number of sets of Plans for the proposed improvement (as determined by the Reviewer), together with any application or request for approval and review fees required by the Reviewer, shall be submitted to the Reviewer by the Person requesting the approval or such Person's authorized representative. The Architectural Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. All of the foregoing together constitutes a "complete application", and no time period within which any Reviewer under this Declaration is required to complete the review shall commence until the Reviewer has received a complete application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review (except with respect to appeals to the Declarant or Board as may be authorized by the Declarant or Board) so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall make a determination on each application within 30 days after receipt by the Reviewer of a complete application. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer shall notify the applicant in writing of the final determination on any application within five days after making the determination. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner to a complete application, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the US Postal Service and addressed to the applicant at the mailing or residence address indicated on the application for review. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

Section 5. Architectural Guidelines. Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of the Property as well as specific provisions which vary from Neighborhood to Neighborhood. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Architectural Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Guidelines does not guarantee approval of any application. Declarant shall have sole and full authority to amend the Architectural Guidelines during the Development Period, notwithstanding a delegation of reviewing authority to the ACC or any other Person, unless Declarant also delegates the power to amend the Architectural Guidelines to the ACC. Upon termination or delegation of Declarant's right to amend, the ACC shall have the authority to amend the Architectural Guidelines with the consent of the Board, and the Board shall have the authority to amend the Architectural Guidelines following the end of the Development Period.

Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

Upon request, the Reviewer shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within the Property. In Declarant's discretion, such Architectural Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

Section 6. No Waiver of Future Approvals. Each Owner acknowledges that the Persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of Plans, granting of variances, or other approvals given in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

Section 7. Legal Requirements. Approval by the Architectural Control Committee of any Plans shall not relieve the Owner, Builder, or applicant from any obligation to obtain all required City and State approvals and permits, and shall not relieve the Owner, Builder, or applicant of the obligation and responsibility to comply with all Legal Requirements with respect to such improvements.

Section 8. Variances. The Reviewer may authorize variances from compliance with any of the applicable Architectural Guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall: (a) be effective unless in writing; (b) be contrary to this Declaration; (c) preclude the Reviewer from denying a variance in any other circumstances; or (d) be contrary to any Legal Requirements. For purposes of this Section, the inability to obtain approval of

any Governmental Authority, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

Section 9. Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any Person. Review and approval or denial of approval or conditioning of approval of any application pursuant to this Article may be made on the basis of aesthetic considerations only, and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all Dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, the ACC, or member of any of the foregoing shall not be held liable for any of the following: soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder or their failure to comply with Legal Requirements; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in the Property or anywhere else; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any improvement. In all matters, the Association shall indemnify the Board, the ACC, and the members of each as provided in the Governing Documents.

Section 10. Certificate of Compliance. Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Reviewer shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Section 11. Violation. When Approved Plans are required under this Article prior to the commencement of the construction, installation, alteration, addition, removal, or maintenance of any improvement, in the event that any such construction, installation, alteration, addition, removal, or maintenance commences, or is undertaken or performed in the absence of Approved Plans or in violation of Approved Plans, the Person upon whose portion of the Property such activity was undertaken or performed may be required by the Declarant (during the Development Period) or by the Board to restore to its original condition, at such Person's sole expense, the portion of the Property upon which the activity was undertaken or performed. Upon the failure or refusal of any Person to perform the restoration required herein, the Declarant or Board, as applicable, or their authorized agents or employees, may, after fourteen (14) days' prior notice to such person, enter upon such portion of the Property and make such restoration as the Declarant or Board, as applicable, in the exercise of its discretion, may deem necessary or advisable. The Owner of the portion of the Property upon which such restoration work shall have been performed shall be personally liable to the Declarant or Association, as applicable, for all direct and indirect costs which the Declarant or Association incurs in the performance of such restoration work, including without limitation attorney's fees and court costs related to the collection of such costs from the Owner, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration.

Section 12. Declarant and Association Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article shall be construed as prohibiting any construction, installation, alteration, addition, removal, or maintenance of any improvement by the Declarant, or by

any Builder, or by the Association upon any portion of the Property, while it is owned by the Declarant, or a Builder, or Association (as the case may be). Any construction, alteration, addition or removal performed by the Declarant, any Builder, or the Association upon any portion of the Property while it is owned by the same, is exempt from the all of the provisions of this Article, and for avoidance of doubt, nothing in this Article or otherwise herein shall prevent a Builder at its sole expense from altering or reconfiguring Lot lines between/among Lots it owns, or from combining or subdividing Lots it owns, provided such altering, reconfiguring, combing or subdividing complies with all Legal Requirements, including but not limited to any BUA Limits required by the applicable Governmental Authority for development of the Community or any Lot.

ARTICLE VIII USE OF THE PROPERTIES

In order to provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

Section 1. Residential Use. Except as otherwise allowed by this Declaration, the Properties shall be used only for single-family residential purposes, including rentals of a Lot and Dwelling in accordance with Section 23 of this Article VIII, or for other uses allowed under applicable Governmental Authority zoning ordinances and approved by the Declarant during the Development Period or thereafter, by the Board. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. Residential purposes include use of portions of the Properties for streets, utilities, greenways, open space, Common Elements, wetlands, conservation areas, active or passive recreation, or other purposes substantially related to residential use which are allowed under applicable Governmental Authority zoning ordinances, unless such substantially related purposes are prohibited by other provisions of this Declaration. Notwithstanding anything herein to the contrary, no Lot shall at any time be used for any commercial, business or professional purpose. Provided, however, and notwithstanding the foregoing: (a) during the Development Period, the Declarant, and any Builder (or so long as the Builder owns or has the right to buy any Lot from Declarant), or other Person with Declarant's consent, may maintain model homes, sales offices and temporary construction trailers and other improvements and facilities within the Properties for the purpose of conducting business related to the development, improvement, and/or sale or marketing of any part or all of the Properties, including the sale and marketing of Lots; and (b) Declarant, and any Builder, or any other Person with Declarant's consent, may conduct such business and other activities within the Properties as may be necessary or desirable in connection with the development, improvement, and/or sale or marketing of any part or all of the Properties, including the sale and marketing of Lots; and (c) the Owner of any Lot may use a portion of a building located on such Lot as an office, provided that such use does not create regular customer, client or employee traffic to and from such Lot and no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot.

Section 2. Prohibited Activities. Each owner of any Lot, and such Owner's family members, tenants, guests and invitees, shall refrain from any act or use of the Lot which could reasonably cause embarrassment, discomfort or annoyance to any other resident or residents of any other Lot. Storage or placement of furniture, potted plants, fixtures, appliances, machinery, bicycles, towels, equipment, signs or other goods or chattels on any Lot which is visible from outside of the Lot, (including but not limited to Stoops, Driveways, Decks and Patio Areas) is prohibited except as specifically permitted in this Declaration. No trade materials or inventories (other than materials used for construction of Dwellings or other approved structures or Improvements) shall be stored upon any portion of the Properties and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind shall be stored,

regularly placed, or allowed to remain on any portion of the Properties unless adequately screened or contained as approved by the Architectural Control Committee, except that trash, leaves, tree limbs, materials for trash or recycling pick-up and similar items may be kept or placed temporarily and only for such time as is reasonably necessary to enable the applicable Governmental Authority or appropriate private entity to remove same, and inoperable motor vehicles may be stored only if the same are kept entirely in an enclosed garage or other building. Provided, however, and notwithstanding anything to the contrary herein, (i) trucks and/or other construction vehicles, materials and equipment operated by/used by Declarant and any Builder, shall be allowed to remain on the Properties temporarily during construction of roads, utilities, Dwellings and other Improvements in the Properties, and (ii) such vehicles, materials and equipment also may be allowed to remain on the Properties during construction or maintenance on Improved Lots and the Improvements thereon, which have been approved by the Architectural Control Committee.

Section 3. Nuisances. No noxious or offensive activity shall be conducted upon any portion of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community or any part thereof, or to any person lawfully residing in the Subdivision. Provided, however, the usual, customary or reasonable use and maintenance of a Lot, a Dwelling, or any Common Elements shall not constitute a nuisance. Further provided, the development of the Properties by Declarant and Builders, and the usual, customary or reasonable construction and maintenance of Dwellings and other Improvements in the Properties shall not constitute a nuisance. Further provided, the operation and use of the Common Elements in the manner required or allowed by the provisions of the Declaration shall not constitute a nuisance.

Section 4. Animals. No animals of any kind (including livestock, reptiles or poultry) shall be kept on any portion of the Properties or in any Dwelling except for dogs, cats or other domestic household animals which are not used for breeding or other commercial purposes, and provided that they do not create a nuisance (in the judgment of the Board), by number or type of animals, noise, odor, damage or destruction of property, animal waste, or any other reason, and further provided that they are kept in compliance with all Legal Requirements and such Rules and Regulations and Board policies pertaining thereto as the Association may adopt, which Rules and Regulations or Board policies may include requirements that animals be kept on a leash or otherwise restrained or confined whenever they are anywhere on the Properties other than on the Lot of the Person who owns the animals, on other Lots with the permission of the Owners of those Lots, or on other areas specifically designated for animals not on leashes, that animals be restrained or confined inside a fence or other restraint when on a Lot outside of the Dwelling, and which may prohibit the keeping of animals on the Properties that are excluded from coverage or subject to reduced coverage under liability insurance policies generally available for the Properties. The Board may require any Owner to furnish the Board with evidence that a particular animal is not excluded or subject to reduced coverage under the liability insurance policy maintained by such Owner for that Owner's portion of the Properties, and the Owner shall furnish the Board with the required evidence (in the form of a copy of the applicable policy or such other evidence reasonably satisfactory to the Board) within ten (10) days following the date on which the Board gives a notice to the Owner that it is requiring same. Provided, however, no Board member shall have any liability for any failure of the Board to adopt a Restriction or Rule or other rule or regulation that prohibits the keeping of a particular type or breed of animal. The Owner responsible for an animal being on the Properties promptly shall clean up or remove from any portion of the Properties not owned by such Owner all solid bodily wastes from that animal.

No animal determined to be dangerous, in the Board's sole and absolute discretion, may be brought onto or kept on the Property at any time. The Board may remove without notice any animal that presents an immediate danger to the health, safety or property of any Owner or occupant of the Property.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Declarant (and its members, managers and agents) and the Association (and its directors, officers, committee members, and agents) harmless from any loss, claim or liability of any kind whatsoever, including court costs and reasonable attorney's fees, arising out of or resulting from such animal, including any actions of the animal. An easement over and upon the Properties hereby is reserved for the applicable Governmental Authority to exercise and enforce Legal Requirements relating to animal control.

Section 5. Antennas; Aerials; Satellite Dishes. The Owner of each Lot shall have the right to install, maintain and use on such Lot one antenna, aerial, or satellite dish to receive video programming that is (i) not larger than one meter in diameter, (ii) blends with the color of the roof or wall where it is installed, and (iii) is installed on the rear roof or wall of the residence constructed on the Lot. No other exterior antennas, aerials, satellite dishes or other reception device shall be constructed, installed, placed or affixed unless approved in accordance with the architectural approval procedures contained in this Declaration. Installation of an antenna deviating from the above provision shall be approved pursuant to the architectural control provisions if reasonably necessary to permit the reception of an acceptable quality signal. HAM radios, two way radios and other hobby or professional radio communication transmission equipment are prohibited.

Declarant or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus of any size for a master antenna, cable, or other communication system for the benefit of all or a portion of the Property.

Section 6. Clotheslines. No exterior clothesline of any type shall be permitted on any portion of any Lot.

Section 7. Lighting. Exterior lighting visible from the street shall not be permitted except for: (1) lighting allowed by Approved Plans; (2) street lights in conformity with an established street lighting program for the Property; (3) seasonal decorative lights; or (4) front house illumination of model homes.

Section 8. Mailboxes Prohibited. No mailbox shall be installed for any Lot. The Recreational Amenities allocated as Limited Common Areas to Neighborhoods may contain mail kiosks for Neighborhood Owners and the provision store may contain mail kiosks for Neighborhood Owners.

Section 9. Play Equipment. Recreational and playground equipment shall not be placed on the front or side yard of any Lot nor in the rear of any Lot adjacent to the Common Areas without prior written consent of the Reviewer. Materials, colors and other specifications shall be as provided in the Architectural Guidelines and otherwise approved by the Reviewer.

Section 10. Signs. No sign of any kind or character shall be placed or erected on any portion of any Lot, or displayed to the public on any portion of any Lot, without the prior written consent of the Reviewer, except for customary name and address signs, one customary "for sale" or "for rent" sign advertising a Lot for sale or rent, as applicable, and any sign required by Legal Requirements, and allowable signs shall conform to applicable requirements in the Architectural Guidelines or as imposed by the Reviewer. The sign restrictions herein stated include signs within a building located on any Lot in a location from which the same shall be visible from outside the Lot and signs in or upon any motor vehicle in the Property. Notwithstanding the foregoing, Builders, for so long as they own any Lot(s) or have the right to purchase the same from Declarant, shall be allowed to erect customary and typical Builder sales, identification, model and marketing signs, flags and banners, on Lots they own or on the Common Area.

Section 11. Stoops, Driveways, Decks, Porches, Patio Areas and Storage Sheds. Grills, patio

furniture and potted plants may be permitted on Patio Areas and Decks, subject to local ordinances and any rules promulgated by the Association with respect thereto; provided such grills, patio furniture or potted plants are not visible outside the Lot, and any grills, patio furniture or potted plants which are visible outside the Lot must receive the prior approval of the ACC. In addition, any items placed on Stoops, Porches and Driveways must comply with any rules promulgated by the Association with respect thereto. Detached storage buildings, sheds or animal pens are prohibited.

Section 12. Swimming Pools. No swimming pool shall be constructed, erected or maintained on any Lot without prior approval of the ACC. In no event shall above ground swimming pools be allowed on any Lot. No spa, Jacuzzi or whirlpool tub shall be constructed, erected or maintained on any Lot without prior approval of the ACC.

Section 13. Flags. Flags may not be flown on any Lot except as expressly provided in this Declaration or as approved by the Board in its sole discretion from time to time.

Section 14. Trash Containers and Collection. No garbage or trash shall be placed or kept on the Property except in screened, enclosed, or covered containers of a type, size and style which are approved by the Board of Directors or as required by Legal Requirements, and subject to rules promulgated by the Association. No person shall burn rubbish, garbage or any other form of solid waste on any Lot or on Common Areas or within the right of way of any street in the Property.

Section 15. Trees. No healthy living trees having a diameter of six (6) inches or more measured from a point two (2) feet above the ground, and no flowering tree, shrub, evergreen, or natural ground cover, shall be removed from any Improved Lot, unless such removal is approved by the ACC.

Section 16. Vehicles and Parking. The term "vehicles" as used in this section shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Property except upon a driveway, a designated parking space or within a garage. No Person shall park any commercial vehicles (including but not limited to any type of vehicle with advertising or lettering), recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, or other oversized vehicles, stored vehicles or unlicensed or inoperable vehicles within the Property, with the exception of emergency vehicle repairs, commercial vehicles, construction vehicles or delivery vehicles which are temporarily parked for the purpose of servicing a Lot or the Property. Only two-axle automobiles and two-axle trucks may be parked on driveways and any such vehicles parked on driveways shall not remain thereupon for more than seventy-two (72) consecutive hours.

All Owner and occupant vehicles must be kept and stored when not in use within the Lot's garage space or driveway. Garage doors must remain closed at all times except for entry and exit by vehicles and except for periods not to exceed two (2) consecutive hours for Owner related maintenance activities. The Association may promulgate rules regarding parking in the Property.

This Section 16 shall not apply to Declarant and Builders as they develop/construct on their respective Lots.

Section 17. Window Air-Conditioners. No air-conditioner shall be installed in any window of any building located on any Lot, nor shall any air-conditioner be installed on any building located on any Lot so that the same protrudes through any exterior wall of such building.

Section 18. Window Treatments. Except as may be otherwise approved in accordance with the Architectural Control provisions contained in the previous Article, all window treatments (which include

curtains and other window coverings) visible from the outside of a Lot shall be white or off-white in color. No bed sheets, towels, newspaper, tin foil or similar materials may be used as window treatments.

Section 19. No Subdivision of Lots. Except as set forth in Section 12 of Article VII as to Builders, and except that Declarant may subdivide its Lots, no Lot may be further subdivided into any smaller Lot.

Section 20. Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of the Board of Directors, will best effect the intent of the general Development Plan and maintenance herein set forth.

Section 21. Wetlands. Portions of the Property may have been determined to meet Legal Requirements for designation as a regulatory wetland. Notwithstanding anything to the contrary that may appear herein or in any other restrictive covenants applicable to such portions of the Properties, and whether or not the Approved Plans for any improvements on the portion of the Properties on which such wetlands are located are in compliance with applicable wetlands rules, any subsequent fill or alteration of any portion of the Property that has been determined to be a regulatory wetland under Legal Requirements shall conform to the requirements thereof in force at the time of the proposed alteration. The intent of this Section is to prevent additional wetland fill or alteration except as allowed under Legal Requirements, so the Owner of any such portion of the Property should not assume that any application for fill or alteration of a wetland will be approved. The Owner of any portion of the Property subject to any such future application shall report the name of the subdivision, together with the name of the particular phase, section or subdivision within the Property, if any, in any application pertaining to wetland rules. The provisions of this Section are intended to ensure continued compliance with wetland rules under Legal Requirements and this Section may be enforced by the United States, State of North Carolina or any other governmental entity having jurisdiction over the subject wetlands.

Without limitation, Owners of all portions of the Property subject to any regulatory buffer requirements (for example any buffer requirements that apply along the Intracoastal Waterway, if any) shall at all times comply with same, whether or not the Approved Plans for any improvements are in compliance therewith.

Section 22. Hunting; Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows and/or other weapons within the Properties is prohibited, unless required for safety or personal protection reasons.

Section 23. Leases. Each Dwelling shall be used for rental occupancy or for permanent residential occupancy by an Owner. Leasing or rental activity in connection with a Dwelling shall not be considered a commercial use. Dwellings/Lots may be made available to the public for rental when not occupied by the Owner thereof or individuals designated by such Owner. Owners and lessees must comply with all of the provisions of this Declaration and the Rules and Regulation from time-to-time promulgated by the Association. Leasing of Dwellings/Lots shall not be subject to approval of the Association and/or any other limitation, other than as expressly provided in the Declaration, including in **Exhibit "B"** of this Declaration (Specific Leasing Provisions). Any and all lease or rental agreements between an Owner and a lessee of such of such Owner shall be in writing and must (i) be for residential purposes and (ii) be for not less than the entire Lot and Dwelling and (iii) provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and other Governing Documents (provided, however, this Declaration and other Governing Documents shall apply to all such leases, whether or not so stated therein). Lessees shall comply with the covenants, terms, conditions and restrictions of the Declaration (and all exhibits attached to the Declaration) and with any and all Rules and Regulations adopted and/or amended by the Association from time to time. A violation of any of the

terms of any of the foregoing documents shall constitute a material breach of the lease and shall constitute grounds for damages, termination and eviction. The Owner will be jointly and severally liable with the lessee to the Association for any amount which is required by the Association to repair any damage to the Common Areas (including Recreational Amenities) resulting from acts or omissions of tenants (as determined in the sole discretion of the Association) and to pay any claim for injury or damage to property caused by the negligence of the tenant and a special individual assessment may be levied against the Dwelling and applicable Lot therefor. All tenancies are hereby made subordinate to any lien filed by the Association whether prior or subsequent to such lease. During the time a Dwelling and Lot is leased or occupied by others, the Owner(s) shall not have the right to use the Common Areas including the Recreational Amenities, except as a guest of another Owner or the lessee. Every Owner, by acceptance of a deed for any Lot in the Community, acknowledges and agrees that the Lots and Dwellings may be leased as contemplated herein, including for the short term as provided herein including on Exhibit "B", and including as further regulated under the Rules and Regulations if applicable.

Section 24. Groundwater Restriction. Groundwater may not be used for irrigation or otherwise on any Lot for any purpose. Notwithstanding the foregoing, the Association shall have the right but not the obligation to use groundwater for irrigation of Common Area in the Community, so long as the groundwater supply well location is located a distance greater than five hundred (500) feet from the any property registered with the North Carolina Brownfield Program and provided further the groundwater supply well is installed in a deep confined aquifer system.

Section 25. Rules and Regulations. As part of the general plan of development for the Properties, the Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions. Within that framework, the Declarant, Board, and Members need the ability and flexibility to supplement this Declaration with additional Rules and Regulations and to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. This section does not apply to Board policies relating to use and operation of the Common Elements adopted by the Board, unless the Board in its discretion chooses to submit to such procedures. This section does not apply to administrative policies which the Board adopts to interpret, define or implement the Rules and Regulations or other Governing Documents, nor does it apply to Architectural Guidelines.

All Owners and other Occupants of all portions of the Properties and their guests and invitees shall abide by the Rules and Regulations. Compliance with the Rules and Regulations may be enforced in the same manner and to the same extent that this Declaration provides for enforcement of this Declaration, and any Person determined by judicial action to have violated the Rules and Regulations shall be liable to the Declarant or Association or other applicable Person for all damages and fines, including all costs incurred in seeking and enforcing applicable legal remedies, including reasonable attorneys' fees.

Subject to the terms of this section and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt, amend, modify, cancel, repeal, limit, create exceptions to, add to, or expand the Rules and Regulations. The Board shall give notice to each Owner concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Owners shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. During the Development Period, no action taken by the Board pursuant to this subsection shall be effective unless approved in writing by the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder.

Prior to any such action taken by the Board becoming effective, the Board shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner, which notice shall state the effective date of the action, which shall be not less than thirty (30) days following the date on which the action is taken by the Board. The Association shall provide to any requesting Owner (but not to more than one Owner of a Lot), without cost, one copy of the Rules and Regulations then in effect, together with the action taken by the Board. Additional copies may be provided by the Association upon payment of a reasonable charge as established by the Board. The action taken by the Board shall become effective on the later of the 31st day after the action is taken by the Board or such later effective date specified in the notice, unless, prior to the effective date, Members representing more than 50% of the total number of votes in the Association disapprove such action at a meeting or in writing to the Board. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon receipt, prior to the effective date of the action taken by the Board, of a petition of the Members as required by the Governing Documents for special meetings of the Association or a written request from the Declarant. Upon such petition of the Members or written request from the Declarant prior to the effective date of any Board action under this Section, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

Alternatively, when they have a right to vote under this Declaration, Class A Members representing more than 50% of the total number of votes in the Association, at an Association meeting called for such purpose, may vote to adopt rules that modify, cancel, limit, create exceptions to, add to, or expand the Rules and Regulations then in effect. Provided, however, during the Development Period no such action shall be effective without the written approval of the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder. Upon such action being taken by the Class A Members, the Board shall notify each Owner of the new rule or explanation of any changes to the Rules and Regulations, and the action taken by the Members shall become effective on the later of the 31st day after the action is taken by the Members or such later effective date specified in the notice.

No action taken by the Board or Class A Members under this Article shall have the effect of modifying, amending, repealing, limiting, or expanding the Architectural Guidelines or any provision of this Declaration or other Governing Documents. During the Development Period, no such action shall be effective unless approved in writing by the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

Notwithstanding the foregoing procedures for amending the Rules and Regulations, and notwithstanding anything to the contrary elsewhere in this Article or this Declaration, during the Development Period the Declarant, in its sole discretion and without any prior notice to any Person, may adopt, amend, modify, cancel, limit, create exceptions to, add to, or expand the Rules and Regulations, including Board Policies; provided, however, that if Declarant is to do so, Declarant must obtain the written consent of any Builder that owns any Lot or has the right to purchase a Lot from Declarant. Prior to any action taken by the Declarant under becoming effective, the Declarant, or the Board at the direction of the Declarant, shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner (notice sent to any one Owner of a Lot being sufficient notice), which notice shall state action taken and the effective date of the action, which date may be any time on or after the date on which the action is taken by Declarant.

All Owners are given notice that use of their Lots and Dwellings is subject to the Rules and Regulations as modified from time to time. By acceptance of a deed, each Owner acknowledges and

agrees that the use and enjoyment and marketability of such Owner's Lot and Dwelling can be affected by this provision and that the Rules and Regulations may change from time to time. All Owners hereby are notified that, as provided for herein, the Declarant or the Board or the Members may adopt Rules and Regulations or changes to any Rules and Regulations in effect at any particular time.

Except as may be set forth in the Governing Documents, all Rules and Regulations shall comply with the following provisions (and no Rule or Regulation may contradict an express provision in this Declaration):

(a) Similarly situated Owners shall be treated similarly, the determination of which Owners are similarly situated being in the reasonable judgment of the Declarant or Board, as applicable (it being clear that at a minimum different types of Dwellings and different Neighborhoods are subject to different levels of costs, service and regulation)

(b) The rights of Owners to display religious and holiday signs (the word "sign" or "display" as used in this Declaration includes signs, banners, flags (including a flag of the United States of America, a United States flag, a North Carolina flag, or other flag), symbols, decorations, and other displays) inside Dwellings shall not be abridged, except that there may be rules regulating the number, size, time, and place and manner of posting or displaying such signs that are located outside of or are visible from outside of the Dwelling, including regulation or specification of design criteria (for example, color, style, materials). No rules shall regulate the content of political signs; however, rules may regulate the number, size, time, place and manner, and length of time, of posting or displaying, such political signs that are located outside of or are visible from outside of the Dwelling, including regulation or specification of design criteria (for example, color, style, materials). Signs required by Legal Requirements to be posted or displayed, and signs prohibited by Legal Requirements from being excluded or prohibited shall be allowed (for example, a street number sign for a Dwelling required by a Governmental Authority). However, to the extent that it would not violate the Legal Requirement, rules may regulate the number, size, time, and place and manner of posting or displaying, such signs, including regulation or specification of design criteria (for example, color, style, materials).

(c) No rule shall alter the allocation of financial burdens among the various portions of the Properties or rights to use the Common Elements to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Elements available, from adopting generally applicable rules for use of Common Elements, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Elements, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided herein.

(d) No rule shall prohibit leasing that is consistent with the terms and provisions on Exhibit "B," or the creation of a leasing program for similarly consistent leasing, or the transfer of any Dwelling, and no rule shall require consent of the Association or Board for leasing or transfer of any Dwelling; provided, however, rules may require such other rules with respect to leases as are reasonably adopted by the Declarant or the Board.

(e) No rule shall require an Owner to dispose of personal property that was in a Dwelling or on a Lot prior to the adoption of such rule if such personal property was in compliance with all rules and Legal Requirements previously in force. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who become Owners after adoption of the rule.

(f) Without the written consent of Declarant, no rule or action by the Board or Members shall

restrict, impair, prohibit, exclude, impede, interfere with, or in any way adversely affect any Special Declarant Right or other right of Declarant.

The limitations in subsections (a) through (f) of this Section shall only limit the rule making authority exercised under this Section; they shall not apply to other Sections and provisions of this Declaration.

Section 26. Exclusion for Declarant. Notwithstanding any other provision of this Declaration or any other Governing Documents, Declarant, during the Development Period (and thereafter, the Board) has the right, permanently or temporarily (as determined in the discretion of Declarant or the Board, as applicable) to waive any one or more of the provisions of this Article with respect to construction or maintenance of any improvements in the Properties, except that there shall be no waivers with respect to soil erosion controls and Legal Requirements. Any such waiver granted by the Declarant to a Builder or other Person during the Development Period shall be binding on the Board after the Development Period has ended.

**ARTICLE IX
GENERAL MAINTENANCE AND NEIGHBORHOOD MAINTENANCE
(Townhomes being separately and specifically addressed in Article XIV)**

Section 1. Association's General Maintenance Responsibility. The Association shall keep in good condition, order and repair the Common Area, including but not limited to the private streets, drives and alleyways as shown on the Plats, sidewalks and rights of way, curbing, detention/retention ponds, bulkheads, all entry features and entry landscaping, whether or not such features and landscaping are on a Lot, privately owned property or in the right of way and all street signage and street lights, and any other or any Common Areas and Limited Common Areas. The Association may be relieved of all or any portion of its maintenance responsibilities to the extent that such responsibility is assumed and carried out by any local, state or federal government or quasi-governmental entity accepting responsibility for such maintenance. In the event of any such assumption, assignment or dedication, however, the Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Board determines that such maintenance is desirable or necessary to maintain the Community Wide Standards. In the event that the Association determines that any maintenance which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance and all costs thereof may be assessed against the Owner as a specific assessment.

The Board of Directors, in its sole discretion, may leave portions of the Common Area as undisturbed natural areas and may change the landscaping on the Common Area at any time and from time to time, including the adding or modifying of landscaping improvements, such as the planting of seasonal flowers. Any common irrigation system installed by the Declarant or the Association for the use by the Association shall be operated, maintained, repaired and replaced by the Association.

If and to the extent the following portions of the Common Area are not maintained adequately (in the opinion of the Board) by a governmental entity, the Association shall also maintain the following Common Area (whether or not constituting Common Areas), including: (a) entry features to the Property; (b) streets, parking areas and sidewalks; (c) perimeter fencing; and (d) landscaping within public street rights-of-way abutting the Property; (e) Stormwater Control Measures; and (f) Recreational Amenities. Additionally, the Association has the right, but not the obligation, to maintain the front, rear and side yards of Lots and to provide for trash and debris removal.

In the event that the Association determines that any maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof not paid for by insurance shall be assessed against the Owner as a specific assessment.

Section 2. Neighborhood Services - Beau Shoals. In addition to such other services as are provided by the Association under this Declaration, the Association shall maintain all yards, lawn areas and grassy areas, and landscaped features and areas (including but not limited to plants, flowers, trees and bushes) located on all Lots (Townhome and detached Dwelling Lots) and located outside of any fences, if any, and the same within all adjacent Common Areas and without limitation within the street rights of way. The required maintenance shall include grass mowing, removal of weeds and grass clippings, fertilization and aeration, all to be performed in manner and frequency as determined by the Board of Directors. Furthermore, and only as a Neighborhood Service in the Beau Shoals Neighborhood, the Association shall be responsible for all irrigation and watering lawns and landscaping on all Lots (outside of any fencing, if any). The cost of providing the foregoing Neighborhood Services, as well as reserves for the same and including without limitation costs of irrigation systems, if any, shall be assessed only against the Beau Shoals Neighborhood Lots as a Neighborhood Expense which are part of the Common Expenses under this Declaration.

Section 3. General Owner Responsibility. Except where the Association has the express obligation to do so under this Article X or under Article XIV (Townhomes), each Owner shall maintain and keep in good repair all landscaping and yard maintenance not otherwise the responsibility of the Association, as well as all other exterior portions of the Lot, including windows, exterior lighting, painting, roofing, stoops, patios, porches, decks and all structures, driveways, parking areas, and any other improvements comprising the Lot in a manner consistent with the Community Wide Standards and all Governing Documents. Owners shall keep their Lot free from all litter, trash and refuse. In the event the Board of Directors determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner is responsible, the Association shall, except in emergency situations, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair or replacement, or in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions herein, the Association may provide such maintenance, repair or replacement and all costs thereof shall be assessed against the Owner as a specific assessment. In an emergency situation, the Association may perform the necessary maintenance, repair or replacement without any prior notice to the Owner responsible for such maintenance, repair or replacement, and such Owner shall be liable for the costs thereof.

Section 4. Individual Insurance. Except where the Association has the express obligation to insure under Article XIV (Townhomes), each Owner, by virtue of taking title to a Lot subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots and each Owner covenants and agrees with all other Owners and with the Association that each Owner will carry at all times all-risk casualty insurance on the Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

ARTICLE X MORTGAGEE PROVISIONS

Section 1. Notice of Action. An institutional holder, insurer, or guarantor of a First Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number as shown on the applicable Plat, and the street address of the Lot, therefore becoming an "eligible holder"), will be entitled to timely written notice of (a) any condemnation loss or any casualty loss which affects a material portion of any Lot on which there is a First Mortgage held, insured, or guaranteed by such eligible holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a First Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days; any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 2. Audit. Upon written request of any institutional holder of a First Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements of the Association within 120 days of the date of the request.

Section 3. No Priority. No provision of this Declaration or the Bylaws gives any Owner or other party priority over any rights of a Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Areas.

Section 4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 5. Mortgagees Not Obligated to Collect Assessments. No Mortgagee shall have any obligation to collect any assessment under the Declaration.

ARTICLE XI AMENDMENT

Section 1. Amendment by Declarant. In addition to specific amendment rights, if any, granted or reserved elsewhere in the Declaration, during the Declarant Control Period, Declarant may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment or may record an amended and restated version of the Declaration that incorporates any such amendment. Following the end of the Declarant Control Period, during the existence of the Development Period, Declarant may unilaterally, and in its sole discretion, without the approval or joinder of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend any provision of the Declaration or any Subdivision Declaration or Supplemental Declaration to: (i) make non-material, clarifying or corrective changes not materially affecting any Owner's rights or obligations hereunder; or (ii) satisfy the requirements of FHA, VA, FNMA, FHLMC, OILSR or other governmental agency, Secondary Mortgage Market Agency or Institutional Lender; or (iii) establish or maintain the tax exempt status of the Association under the laws of the United States or the State of North Carolina; or (iv) amend the Declaration as may be necessary to

prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction, or to add or delete provisions to or from the Declaration as may be necessary to prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction (collectively the "**Non-Material Amendments**"). Any amendment to the Declaration adopted by the Declarant shall be effective upon the later of the effective date contained therein or the date of its recording in the Registry.

Notwithstanding the immediately preceding paragraph, any amendment of the Declarant shall require the consent ("**Amendment Consent**") of Lennar for any period of time that Lennar is the Owner of a Lot in the Community or has the right to purchase a Lot in the Community from Declarant; provided, however, Lennar's Amendment Consent shall not be required: (i) for Non-Material Amendments; (ii) in the event Lennar is in default beyond an applicable cure period pursuant to that certain Amended and Restated Agreement for the Purchase and Sale of Real Property dated August 4, 2016, as may be further amended and supplemented (or extended) from time to time, by and between Lennar and Declarant; or (iii) in the event Lennar is not an Owner of a Lot in the Community or does not have the right to purchase one from Declarant.

Section 2. Amendment by the Members. Unless amended as allowed under Section 1 of this Article, the Declaration may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by Legal Requirements, the Declaration may be amended only by (i) the written agreement or consent of those Members, or the affirmative vote at a meeting of the Association of those Members, who hold sixty-seven percent (67%) or more of the total number of votes in the Association, and (ii) during the Development Period, with the written consent of Declarant, and (iii) with written consent of Lennar for so long as Lennar owns any Lot or has the right to purchase any Lot from Declarant; provided, however, Lennar's consent shall not be required (x) for Non-Material Amendments or (y) in the event Lennar is in default beyond an applicable cure period pursuant to that certain Amended and Restated Agreement for the Purchase and Sale of Real Property dated August 4, 2016, as may be further amended and supplemented (or extended) from time to time, by and between Lennar and Declarant.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to the Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days and not more than sixty (60) days in advance of the date of such meeting.

(c) When any amendment to the Declaration is approved by Members of the Association (and Declarant, when applicable) as provided in this Section, the appropriate officers of the Association (and Declarant, when applicable) shall execute in the same manner as a deed and record in the Registry, a document setting forth the following: the amendment; the effective date of the amendment (if no effective date is stated the amendment shall be effective upon the recording of same in the Registry); and if applicable, the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting, the total number of votes present at such meeting, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. The document shall be recorded in the Registry within thirty (30) days following the date of the meeting at which the amendment was adopted or the written agreement for the amendment is completed. Provided, however, and notwithstanding the foregoing or anything to the contrary appearing herein, no amendment to the Declaration duly adopted by the Members of the Association shall be void or invalid solely because the document describing the amendment is not recorded in the Registry within said thirty (30) day period, and any such duly adopted amendment to the

Declaration recorded following the end of said thirty (30) day period shall become effective on the later of the effective date specified therein, if any, or on the date it is recorded in the Registry.

(d) Amendment of Subdivision Declarations and Supplemental Declarations shall be governed by the provisions for amendment contained therein, if any; otherwise, the provisions regarding amendment of the Declaration shall apply to amendment of those documents.

Section 3. Consent of Mortgagees. No consent of any Mortgagee to any amendment of the Declaration is required unless (i) the amendment adversely affects the rights of Mortgagees under the Declaration, or (ii) a Legal Requirement requires the consent of Mortgagees or a percentage of Mortgagees, or (iii) the mortgage held by such Mortgagee specifically requires the Mortgagee's consent with respect to the portion of the Property subject to the mortgage, and if either (ii) or (iii) is applicable, the Mortgagee has notified the Association of its rights regarding consent to amendments in the same manner required for an Mortgagee to notify the Association in the Article of the Declaration dealing with Mortgagee Provisions. If the amendment is adopted by the required percentage of Members exclusive of the Member or Members who own portions of the Property for which consent of a Mortgagee is required under this Section, then the amendment is valid whether or not the necessary Mortgagees have consented to the amendment.

Section 4. Prohibited Effects of Amendment. Notwithstanding the provisions of Sections 1, 2 and 3 of this Article allowing amendments to the Declaration, no amendment to the Declaration, whether adopted by the Declarant, by the Association, or by the Members or any applicable group of Members of the Association, shall do or result in any of the following:

(a) without the written consent of Declarant, diminish, impair, or in any way affect the rights of Declarant, including Declarant's rights to develop any part or all of the Property in accordance with a Subdivision Plan;

(b) without the written consent of Declarant, impose additional obligations upon Declarant;

(c) diminish or impair the express rights of Mortgagees under the Declaration without the prior written approval of a majority of the Mortgagees who have requested the exercise of such rights as provided herein;

(d) terminate or revise any easement established by the Declaration, without the written consent of the Person benefitted by the easement or by the Owner of the portion of the Properties benefitted (and/or, with respect to a revision, burdened) by the easement, whichever is applicable;

(e) without the consent of the City, terminate, reduce, amend, revise, or alter any obligation of the Association or the Members of the Association under the Code or under any Stormwater Agreement, encroachment agreement, or other agreement entered into with the City by the Association or, as allowed by the Declaration, by the Declarant on behalf of the Association;

(f) alter or remove or attempt to alter or remove any other applicable Legal Requirement.

ARTICLE XII DURATION OF DECLARATION; DISSOLUTION OF ASSOCIATION

Section 1. Duration. Unless sooner terminated as required by Legal Requirements, the Declaration shall run with and bind the Property and each Owner, and shall inure to the benefit of the Association, and each other Owner of any portion of the Property, and their respective heirs, successors,

and assigns, from and after the recording of the Declaration in the Registry until such time as it is terminated by a written termination agreement, executed or ratified in the same manner as a deed, by those Members who hold eighty percent (80%) or more of the total number of votes in the Association, and also with the written consent of Declarant during the Development Period and Lennar for any period of time that Lennar is the Owner of a Lot in the Community or has the right to purchase a Lot in the Community from Declarant. Execution or ratification by any one of multiple Owners of a Lot is sufficient for that Lot unless, prior to the time the termination agreement is recorded in the Registry, any other Owner of that Lot files with the Association a written objection to the termination of the Declaration (in which event the vote allocated to that Lot shall be considered as not having been exercised). The termination agreement shall specify a date after which it will be void unless it is recorded in the Registry before that date. The termination agreement may not be recorded in the Registry unless and until the requisite number of signatures have been obtained as provided herein, and it shall be effective only upon recording. If, pursuant to the termination agreement, any real estate in the Property is to be sold following termination of the Declaration, the minimum terms of the sale shall be set forth therein.

Section 2. Dissolution of the Association. The Association shall be dissolved upon the termination of the Declaration. Provided, however, until any sale of the Common Property authorized by the termination agreement or approved by the Owners in the same manner as required for approval of the termination agreement is completed and the sale proceeds distributed, the Association shall continue in existence with all of the powers it had before termination. The Association, on behalf of the Owners, may contract for the sale of the Common Property, but the contract is not binding unless such sale has been authorized in the termination agreement or it has been approved by the Owners in the same manner as required for approval of the termination agreement. Proceeds of the sale of Common Property shall be distributed to the Owners and lienholders as their interests may appear, as provided in the termination agreement or other agreement approved by the Owners in the same manner as required for approval of the termination agreement. If the Common Property is not to be sold following termination of the Declaration, title to the Common Property vests in the Owners upon termination, as tenants in common in proportion to their respective interests as provided in the termination agreement.

Upon dissolution of the Association or upon loss of ownership of all of the Common Property by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Property as allowed by the Declaration, or by reason of merger and/or consolidation with any other association as allowed by the Declaration), except as otherwise provided in the termination agreement, other agreement approved by the Owners in the same manner as required for approval of the termination agreement, or Legal Requirements (in particular, Section 47F-2-118 of the Act, or any successor Section of the Act), any portion of the Common Property not under the jurisdiction of and being maintained by another association substantially similar to the Association, together with all other assets of the Association, first shall be offered to the Town of Beaufort (or, if the Town of Beaufort refuses such offer, then to some other appropriate Governmental Entity or public agency as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Property and such assets were required to be devoted by the Association. If the Town of Beaufort or such other appropriate Governmental Entity or public agency accepts the offer of dedication, such portion of the Common Property and assets shall be conveyed by the Association to the Town of Beaufort or such other appropriate Governmental Entity or public agency, subject to the superior right of an Owner to an easement (if necessary) for reasonable ingress and egress to and from such Owners Lot and the public or private street(s) on which that Lot is located, subject to all other applicable rights of way and easements, and subject to ad valorem property taxes subsequent to the date of such conveyance.

If the Town of Beaufort or such other appropriate Governmental Entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common

Property and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Property was required to be devoted by the Declaration, such transfer and conveyance to be made subject to the rights of Owners and the other matters set forth in the immediately preceding paragraph of this Section. If there is no nonprofit corporation, association, trust or other entity who will accept such transfer and conveyance of the Common Property and assets of the Association, then such Common Property and assets shall be distributed as provided in the plan of termination/dissolution adopted by the Association.

ARTICLE XIII DISCLOSURES AND WAIVERS

The following are in addition to any other disclosures and waivers in the Declaration.

Section 1. Construction Activities. All Owners and other Persons who use the Property hereby are placed on notice that Declarant, Builders and/or their respective agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, from time to time, conduct blasting, excavation, construction, and other activities within the Property. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, such Owners and such other Persons acknowledge, stipulate, and agree: (i) such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (ii) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (iii) that Declarant, Builders and their respective agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shareholders, directors, officers, partners, members, managers, agents and employees shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (iv) that any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing; and (v) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of the Property.

Section 2. Conveyance of Common Property. Declarant may convey or transfer all Common Property, including all improvements thereon, to the Association in an "AS IS, WHERE IS" condition. Declarant hereby disclaims and makes no representations, warranties or other agreements, express or implied, by law or fact, with respect to the Common Property and improvements thereon, including, without limitation, representations or warranties of merchantability regarding the condition, construction, accuracy, completeness, design, adequacy of size or capacity thereof in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials, furniture, or equipment used therein. Neither the Association nor any Owner or any other Person shall make any claim against Declarant, its successors and assigns, relating to the condition, operation, use, accuracy or completeness of the Common Property, or for incidental or consequential damages arising therefrom.

Declarant shall transfer and assign to the Association, without recourse, all warranties received from manufacturers and suppliers relating to any of the Common Property or improvements thereon, or relating to any personal property transferred by Declarant to the Association, which exist at the time of transfer and are assignable, but Declarant's failure to do so shall not constitute any grounds for any claim, cause of action or other legal recourse against Declarant for failing to do so, other than to compel

Declarant to transfer or assign same.

Section 3. Liability for Association Operations. The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant, its successors and assigns, and its shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of Common Property and the collection of assessments.

Section 4. Public Facilities and Services. Certain facilities and areas within and adjoining the Properties may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenways, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. In addition to any such facilities and areas that are open for use and enjoyment of the public pursuant to Legal Requirements, Declarant may designate facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Property or the Board may so designate at any time thereafter.

Section 5. Safety and Security. Each Owner and occupant of a Dwelling, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each Person provides for himself or herself or itself and his or her or its property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, not that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing such Owner's tenants and all occupants of its Dwelling that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within Property assumes all risks of personal injury and loss or damage to property, including Dwellings and the contents of Dwellings, resulting from acts of third parties.

Section 6. View Impairment. None of Declarant, any Builder or the Association guarantee or represent that any view from, over, or across any portion of the Property will be preserved without impairment. None of Declarant, any Builder or the Association shall be obligated to relocate, prune, or thin trees or other landscaping except as otherwise required under a separate covenant or agreement, if any. The Association (with respect to the Common Property) has the right to add or remove trees and other landscaping to and from the Common Property, subject to Legal Requirements. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 7. Water Management. Each Owner and any other Person who uses any portion of the Property acknowledges and agrees that any or all bodies of water (including lakes, ponds, creeks, streams, and wetlands in the Property), together with any dams or other facilities or devices that contain, control, or direct such waters, may be designed as water management areas (including designation as Stormwater Measures) and not designed solely as aesthetic features, and that, with respect to those that

are water management areas, due to fluctuations in ground water elevations within the immediate area and/or the receipt or discharge of stormwater, the water level of such lakes, ponds, and wetlands may rise and fall. Each Owner and other such Person further acknowledges and agrees that Declarant has no control over such elevations. Therefore, each Owner and other such Person releases and discharges Declarant, and its successors, assigns, contractors, subcontractors, shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to such fluctuations in water elevations.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the perpetual, non-exclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the adjoining the Property to do any or all of the following: (i) install, operate, maintain, and replace pumps to supply irrigation water to the Common Areas; (ii) construct, maintain, and repair structures and equipment used for retaining water; and (iii) maintain such areas in a manner consistent with the Community Wide Standard.

Declarant further reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Lots (but not the Dwellings thereon) adjacent to or within 50 feet of bodies of water within or adjoining the Property, in order to do any or all of the following: (i) temporarily flood and back water upon and maintain water over such portions of the Property; (ii) alter in any manner and generally maintain the bodies of water within and adjoining the Property; and (iii) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage to a Lot resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

Owners and other Persons who use any portions of the Properties shall not alter, modify, expand, or fill any lakes, ponds, or wetlands located in the Property without the prior written approval of the local permitting authority, the City, the Association, the Declarant, the U.S. Army Corps of Engineers (to the extent it has authority), and such other governmental entities as may have relevant jurisdiction over such matters.

ARTICLE XIV TOWNHOMES

In order to provide for the typical level of Association services for Townhomes in the Community in accordance with the Community Wide Standards and in recognition of the dependent nature of Townhome construction and day-to-day living, the terms, provisions and restrictions in this Article XIV apply to all Townhomes in all Neighborhoods in the Community, in addition to (and without limiting) all other terms, provision and restrictions in this Declaration.

Section 1. Association Maintenance. The Association shall provide exterior building maintenance for the Townhomes and Townhome Buildings as follows: paint, stain, repair, replace and maintain of the exterior surfaces of Townhomes and the Townhome Buildings, including the painting of entry doors and the repair of siding (but excluding repair and replacement of entry doors and garage doors and their appurtenant hardware; excluding the repair of wall sheathing; and further excluding all exterior glass including windows and patio doors); repair, replace, and maintain roof shingles (but excluding maintenance, repair and replacement of other portions of the roof); repair and replace gutters and downspouts. Furthermore, and notwithstanding any other terms and provisions in this Declaration,

including in Article X, the Association shall likewise maintain all yards, lawn areas and grassy areas, and landscaped features and areas (including but not limited to plants, flowers, trees and bushes) located on the Townhome Lots and the same within all adjacent Common Areas and without limitation within the street rights of way. The required maintenance shall include grass mowing, removal of weeds and grass clippings, fertilization and aeration, all to be performed in manner and frequency as determined by the Board of Directors. The cost of providing the repair and maintenance work described above, as well as reserves for the same shall be assessed against the Townhome Lots as part of the Common Expenses under this Declaration. Except to the extent provided by the Association as a Neighborhood Service, Owners, and not the Association, shall be responsible for watering their own lawns and landscaping on their Townhome Lots, and are subject to special individual assessment for failure to do so and for any resulting replacement costs incurred as a result of such failure.

Section 2. Townhome Casualty Insurance - Association. Notwithstanding any terms and provisions in the Declaration and in any event in addition to the same, the following shall apply:

(a) The Association shall obtain and maintain a casualty insurance policy or policies on all Townhomes and Townhome Buildings for the benefit of the Owners of the same and their Mortgagees, as their interests may appear, and provisions shall be made for the issuance of certificates or Mortgagee endorsements to Owners and to Mortgagees of Owners upon request therefor by any Owner or Mortgagee. Each Townhome and Townhome Building shall be insured in an amount equal to one hundred percent (100%) of its insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards, including extended overage, vandalism and malicious mischief, and

(ii) such other risks as from time to time shall be reasonably required by the Association.

(b) Premiums for all insurance policies purchased by the Association under this Declaration shall be assessed against the Townhomes and shall be included as part of the Common Expenses and Annual Assessments. Deductibles shall likewise be paid as Common Expenses.

(c) All insurance policies purchased by the Association for the benefit of Owners shall be for the benefit of the Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee hereunder. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the Bylaws and for the benefit of the Owners and their Mortgagees in the following shares:

(i) If the insured casualty shall occur resulting in damage to a Townhome and Townhome Building, proceeds from insurance shall be held in undivided shares for the affected Owners in proportion to the cost of repairing the damage insured against in said policy, which cost shall be determined by the Association.

(ii) In the event a mortgagee endorsement has been issued for a Townhome Lot, the share payable towards the improvements to such Townhome Lot shall be held in trust for the mortgagee and other Owners of as their interests may appear.

(d) Proceeds of insurance policies for the benefit of Owners that are received by the

Association as insurance trustee shall be distributed in the following manner: First, to all expenses of the insurance trustee shall be paid or provision mad thereof; next to defray the cost of the covered repairs/improvements; and finally, if applicable, any proceeds remaining after defraying such costs shall be held in undivided shares for the affected Owners in proportion to the costs of repairing the damage or injuries suffered by each Owner, the cost of which shall be determined by the Association. If the insurance proceeds received by the Association (along with any reserves on hand) are insufficient to cover the cost of repair/replacements/damage to person and/or property, the Board may levy a special assessment against the Owners affected to cover the deficiency, and in any event, the Owners shall pay their respective shortfalls all so that the restoration/repairs may be completed.

Section 3. Owners to Obtain Insurance. Each Owner of a Townhome shall procure and maintain, at such Owner's sole cost and expense, insurance coverage as follows:

(a) such public liability insurance over its Townhome Lot as is appropriate, in each Owner's sole discretion.

(b) insurance on the contents of its Townhome, with limits no less than the replacement value of such contents.

Neither the Association nor Declarant shall be liable in any manner for the safekeeping or condition of or damage to any personal property belonging to or used by any Owner or such Owner's family, guests or invitees, where Owner is responsible for insuring the same under this Section 3.

Section 4. Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, Mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each Mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 5. Restoration After Casualty.

(a) The plans and specifications for any restoration shall be prepared by an architect licensed in the State of North Carolina. All plans and specifications required in connection with any restoration shall be subject to review and approval by the Architectural Control Committee and otherwise as required by this Declaration. Unless the Association and a majority of the voting interests of the Owners of the damaged Townhomes shall otherwise agree, plans and specifications for any restoration shall be consistent with the then existing building plans.

(b) If an Owner fails to cause the removal of debris and restoration of Improvements to be timely accomplished to comply with this Declaration, the Association shall provide written notice of such deficiency to such Owner. If the problem has not been remedied within a reasonable time (as determined by the Board of Directors), the Association shall have authority to cause such restoration to be performed, and any expenses incurred by the Association in connection therewith shall be charged to such Owner and shall be a special individual assessment against such Owner's Lot.

(c) The rights granted to the Association in this Article in the event of any loss, damage or destruction of a Townhome constitute reasonable protections of property values and aesthetic appearance of the Townhomes, and each Owner agrees to comply with such terms, conditions and procedures as Association may impose.

(d) "Restoration Costs" means the cost of repairing, replacing, restoring or reconstructing all loss, damage or destruction to the applicable portion of the Lot and Townhome (including the deductible under any applicable insurance policies) or any part thereof, including all costs of adjusting the loss; inspections, investigations and reports as to the damage; permit and inspection fees, architectural and engineering fees; demolition, removal and disposal fees; costs of securing and protecting the portions of the Lot and Townhome to be restored; accounting fees and costs; and attorneys' fees and costs; construction costs, and the Association's fees and costs for reviewing the plans for the restoration and holding and disbursing the insurance proceeds and other funds.

Section 6. Party Walls.

(a) Wherever one Townhome is separated from another Townhome by a common, shared or party wall ("**Party Wall**"), the obligations of each Owner with respect to its Party Walls shall be governed by this Section 6. Each Party Wall shall be the joint obligation of each of the Owners of the adjoining Townhomes ("**Party Wall Co-Owners**"). Each Party Wall Co-Owner shall be responsible for the maintenance of the surface portion of the Party Wall which is contained within its Townhome. Any maintenance and the like, including repairs to the paint, plaster or drywall or gypsum wall board on the surface portion of the Party Wall which is contained within a Townhome, shall be the obligation of that Owner. Each Party Wall Co-Owner shall have the right to use the side of the Party Wall within the Owner's Lot and Townhome in any lawful manner, including attaching structural or finishing materials to it; however, an Owner shall not create windows or doors or place heating or air conditioning equipment in the Party Wall without the consent of the other Party Wall Co-Owner. Any consent given to a Party Wall Co-Owner to create openings in the Party Wall shall be subject to the right of the other Party Wall Co-Owner to revoke its consent on 60 days' prior written notice and close up such openings and/or remove such heating or air conditioning equipment. The Party Wall Co-Owners shall be jointly responsible for the structure of the Party Wall; i.e., maintenance and restoration of concrete block, rebar, mortar, tie beam, and all other elements of the Party Wall.

(b) Each Party Wall Co-Owner hereby grants to the other Party Wall Co-Owner, its successors and assigns, a perpetual non-exclusive easement and right of entry over and across its respective Lot and Townhome for the purposes of performing maintenance and restoration to the Party Wall, provided that any such easement is exercised after prior notice and during reasonable hours.

(c) To the extent not inconsistent with the provisions hereof, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. A Party Wall Co-Owner shall perform restoration of its Party Wall whenever a condition exists which may result in damage or injury to person or property if the restoration work is not undertaken. The cost of reasonable repair or maintenance of a Party Wall shall be shared by the Party Wall Co-Owners on each side of such Party Wall. If a Party Wall is destroyed or damaged by fire or other casualty, a Party Wall Co-Owner on either side of the Party Wall may restore it, and if the Party Wall Co-Owner on the other side thereafter makes use of the Party Wall, such other Party Wall Co-Owner shall contribute to the cost of restoration thereof in proportion to such use; provided that the forgoing provision shall not prejudice the right of any Party Wall Co-Owner to seek a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omission. Any amounts due and unpaid under this Section 6 shall bear interest at the rate of 18% per annum from the date due until paid in full.

(d) If at any time any Owner (hereinafter in this Subsection, the "**Non Performing Owner**") shall not be proceeding diligently with any restoration required of it under this Declaration, then the other Owner(s) shall give written notice to the Association specifying the respect in which such Non Performing Owner is not proceeding diligently with his or her restoration work. If, upon expiration

of 30 days after the giving of notice, the restoration work is not proceeding diligently, then the Association may perform such restoration in accordance with the then existing building plans and may take all appropriate steps to carry out the same, including entry onto the Lot of any Owner to the extent necessary to perform the restoration work. The Association shall be entitled to impose an Individual Assessment on the Party Wall Co-Owners responsible for the cost of such restoration.

(e) Each Owner agrees to indemnify the Declarant, the Association and the other Party Wall Co-Owner for injury or personal or property damage, when such injury or damage shall result from, arise out of, or be attributable to its failure to perform or comply with its duties and obligations under this Section 6.

(f) In any transfer of title to a Townhome, the Owner of such Townhome ("**Grantor**") and the purchaser ("**Grantee**") of such Townhome shall be jointly and severally liable for all unpaid amounts pertaining to the Party Walls accrued up to the date of the conveyance without prejudice to the rights of the Grantee against the Grantor, but the Grantee shall be exclusively liable for those accruing after the conveyance. The lien rights of any Owner against another Townhome for amounts due under this Section 6 shall be subordinate to the lien of any Mortgagee and any assessment by the Association. If the Mortgagee or other purchaser acquires title as a result of a foreclosure or deed in lieu of foreclosure of a First Mortgage, the purchaser and any successors and assigns shall not be liable for the amounts which became due prior to the acquisition of title in the foreclosure action. Any unpaid amounts which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be divided between Party Wall Co-Owners, payable by and a lien against both Lots sharing the Party Wall, including the Lot as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

ARTICLE XV MISCELLANEOUS

Section 1. Enforcement. The Declarant, the Association, each Owner, and, when enforcement rights are granted by the Declaration, a Mortgagee, shall have the right, but not the obligation, to enforce the Declaration by any proceeding at law or in equity (or otherwise, as provided in the Declaration) against any Person who has violated, is violating, or is attempting to violate, any part of the Declaration, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure by the Declarant, the Association, an Owner, or any other Person to enforce the Declaration or seek any applicable remedy with respect to any specific violation or lien shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce the Declaration at any other time with respect to the same or substantially similar matter. All rights, remedies and privileges granted to the Declarant, the Association, any Owner, or any other Person herein are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

Section 2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of the Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent and final jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of the Declaration shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of the Governing Documents is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or

more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 3. Notice. Except as otherwise provided herein, whenever written notice to any Person (including Owners and Members) is required hereunder; such notice may be hand delivered to such Person, or given by first class United States mail, postage prepaid, or given in such other manner specifically allowed or required by Legal Requirements, or given in such other manner determined by the Board to be proper and which does not violate any Legal Requirements, addressed to the address of such Person appearing on the records of the Association or to the address for such Person appearing in the records of the Carteret County Tax Collector. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) in the absence of any delays in delivery by the United States Postal Service resulting from acts of war or terrorism, on the third day following the date the notice was deposited in the United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Person or an adult residing with the Person, as evidenced by a receipt signed by the Person or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight courier service, or (v) on the date acknowledged in writing by the recipient Person or other adult residing with such Person, or (vi) upon execution of a written waiver of such notice by the Person. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to a Person, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Owner and Member to keep the Association informed of such Owner's or Member's current mailing address and telephone number. If an Owner or Member has not provided the Association with such current mailing address the Association may use as the mailing address the street address of the Lot owned by such Owner or Member or the address for such Owner or Member in the records of the Carteret County Tax Collector. If no address for an Owner or Member is reasonably available to the Association, the Association shall not be required to give notice to such Owner or Member. Notice given to any one of multiple Owners of any portion of the Property shall be deemed to have been given to all of such Owners.

Section 4. Titles. The titles, headings and captions which have been used throughout the Declaration are for convenience only and are not to be used in construing the Declaration or any part thereof, except as necessary with respect to any cross-referencing of any provisions of the Declaration.

Section 5. Number and Gender. Whenever the context of the Declaration requires, the singular shall include the plural and one gender shall include all.

Section 6. No Exemption. No Owner may become exempt from any obligations imposed hereby by non-use or abandonment of the Common Property or any Lot owned by such Owner.

Section 7. Consent. Except as otherwise may be specifically required by the Governing Documents or Legal Requirements, where the consent of the Owner of a Lot is necessary, and such Lot is owned by more than one Person, the consent of any one of such Owners is sufficient.

Whenever the written consent of Declarant is required for the effectiveness of some action under the Declaration in addition to any required vote of the Members of the Association, the votes in the Association allocated to Declarant shall be counted in determining the vote of the Members, the written consent requirement being in addition to the voting requirement, whether or not Declarant actually participates in the voting.

Section 8. Subdivision Combination of Lots; Plat Re-recording. A Lot may be subdivided, and the boundaries of a Lot may be altered, only with the written consent of the Owner thereof and the Declarant (during the Development Period and, thereafter, the Board), and with any prior approval

required of the City. Provided, however, and notwithstanding the foregoing sentence, such written consent of the Declarant is not required for leases, deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds or other instruments granting any easement, right-of-way or license to Declarant, the Association, the City or a public utility provider, provided that the number of then existing Lots in the Property is not changed by any such action.

One or more Lots may be combined into a single Lot, and a Lot may be subdivided into two or more Lots, only with the written consent of the Owner thereof and the Declarant (during the Development Period and, thereafter, the Board). When two or more Lots are combined into one Lot, the resulting Lot shall continue to be assessed and have voting rights in the Association based on the number of Lots that were combined into one Lot. When one Lot is subdivided into two or more Lots, the resulting Lots each shall be considered as a separate Lot and each shall be subject to assessments and have voting rights in the Association in accordance with the assessments and voting rights then applicable to a Lot. When the boundaries of two or more such Lots are changed but the resulting number of Lots is the same as the original number of Lots, the assessments and voting rights in the Association for those resulting Lots shall continue as they were immediately prior to the change. When two or more such Lots are combined into one lot, the easements reserved by the Declaration or a Plat around the boundaries of the former Lots shall continue in effect, except that any such easements reserved along the former common boundary line(s) between the combined parcels and not actually being exercised or used by any Person shall terminate. Provided, however, it shall be the responsibility of the Owner of such resulting Lot to obtain any documentation that is necessary or required to confirm such termination and to obtain termination or relocation of any such easements that are actually being exercised or used at the time of the combination of Lots. When a Lot is subdivided into two or more Lots, the easements established herein adjacent to the boundaries of a Lot shall apply to all of the resulting Lots.

Nothing contained herein shall prohibit or restrict the right of Declarant, during the Development Period to (i) subdivide, combine, re-subdivide or recombine, or to record or rerecord Plats relating to, any portion of the Property owned by Declarant, or (ii) to approve or disapprove such activities with respect to portions of the Property owned by other Owners. The provisions of the immediately preceding paragraph with respect to the effects of subdivision or combination of Lots are applicable to subdivision or combination of Lots owned by the Declarant unless the Declarant otherwise indicates on the plat of such subdivision or combination recorded in the Registry or in an instrument recorded in the Registry prior to the end of the Development Period.

Section 9. No Timesharing. No Dwelling in the Property shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to use or occupancy of the Dwelling rotates among participants in the program on a fixed or floating time schedule over any period of time.

Section 10. Exclusive Rights to Use Name of Subdivision. During the Development Period, no Person shall use the name "Beau Coast," "Beau Shoals," "Beaux Bridge," or "Beaufort Village East," or any derivative of such name in any logo or depiction, in any printed or promotional material without Declarant's prior written consent; except that Builders may use such names in conjunction with any and all marketing, sales and construction efforts without need for consent of Declarant. Furthermore, and notwithstanding the foregoing, all Owners may also use the name "Beau Coast," "Beau Shoals," "Beaux Bridge," or "Beaufort Village East" in printed or promotional matter where such term is used solely to specify that a particular Lot is located within the Property, and the Association shall be likewise be entitled to use such names in its name and in Association materials.

Section 11. Association Contracts and Leases During Declarant Control Period. All Association contracts and leases which affect or relate to the Property or any part thereof and which (i)

are entered into prior to the time that the first Board elected by the Members takes office, and (ii) are not bona fide or were unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the first Board elected by the Members takes office, upon not less than ninety (90) days written notice to the other parties to the contract or lease (or any different minimum time period provided for in the Act), and all such commas and leases are terminable as provided in this Section, whether or not the right of the Association to terminate is stated therein.

Section 12. Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the provisions of the Declaration and thereafter, any applicable Supplemental Declaration or Subdivision Declaration, shall control, except as to matters of compliance with the Nonprofit Corporation Act, in which event the Articles shall control. Whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control. The provisions of the Bylaws shall control over any conflicting provision of any rules and regulations, Board resolutions, or Architectural Guidelines. With respect to the foregoing, specific provisions shall control general provisions, except that a construction consistent with the Act, the Nonprofit Corporation Act and the Code shall in all cases control over any construction inconsistent therewith.

The provisions of the Code control over any conflicting provisions of the Declaration and any other Governing Documents. As applicable provisions of the Code are amended, modified, revised, deleted, or moved to different sections, the Declaration is deemed to be amended so as to conform to the provisions of the Code as they exist from time to time and are applicable to the Properties or any part thereof.

Whenever the Act, the Nonprofit Corporation Act, or the Code provides for limitations on any amount of assessments, fines, late payment fees, charges, or attorney fees that may be assessed, fined, charged, imposed, or collected by the Association, and the amount of any such assessment, fine, late payment fee, charge, or attorney fee allowed or authorized by the Declaration or other Governing Documents (including any assessment, fine, late payment fee, charge, or attorney fee amount established by the Board as allowed by the Declaration or other Governing Documents) exceeds the applicable limitation of the Act, the Nonprofit Corporation Act, or the Code, unless the applicable limitation specified by the Act, the Nonprofit Corporation Act, or the Code is a mandatory limitation that cannot be exceeded by provisions in the Declaration or other Governing Documents allowing or providing for the possibility of a greater amount than the applicable limitation otherwise allows, the provisions of the Declaration or other Governing Documents control and are deemed to constitute an express provision contrary to the limitation contained in the Act, the Nonprofit Corporation Act, or the Code. The provisions of the Act and Nonprofit Corporation Act shall in all cases control over any conflicting provisions of the Code. The Governing Documents shall be construed together with the construction that avoids, insofar as possible, conflicts among them.

For the purposes of this Article and any other references in the Declaration to similar conflicts, a 'conflict' is a situation in which the provisions in question cannot be reconciled or where enforcement of one provision necessarily would prohibit enforcement of another provision - for example, where one provision allows a certain action and the other provision prohibits the same action. Two provisions that are different, but not mutually exclusive or prohibitive of each other do not constitute a conflict for the purposes of this Article - for example, where Legal Requirements or the Declaration requires a certain minimum Dwelling setback distance and the Subdivision Declaration requires a greater distance for the same Dwelling setback distance. In this different Dwelling setback distance example, there is no conflict and the Subdivision Declaration would control.

Section 13. Assignment. Declarant specifically reserves the right, in Declarant's sole discretion,

to assign temporarily or permanently any or all of its rights, privileges, powers and/or obligations under the Declaration or under any Supplemental Declaration or Subdivision Declaration, including assignment of any or all of same as security for any obligation of Declarant to any Person. Except as otherwise provided in this Section, no such assignment shall be effective unless (i) it is in writing, (ii) it is executed by the assignee, (iii) it is recorded in the Registry or other governmental entity office required under Legal Requirements, with the date of recording or such later effective date stated in the assignment being the effective date thereof (and the terms of the recorded assignment shall be conclusive and binding as to the matters assigned), and (iv) if it purports to assign any obligations of the Declarant to complete initial capital improvements within the Subdivision required by the Subdivision Plan or other Legal Requirements, it describes the specific obligations assigned.

Upon Declarant's request, the Association shall execute any such assignment by Declarant to the Association, but Declarant may not assign to the Association any obligation to complete initial capital improvements within the Property required by the Subdivision Plan or other Legal Requirements. With respect to assignments described in any instrument under which Declarant rights specifically or impliedly are given as security for an obligation of Declarant, the terms of such instrument shall control over the provisions of this Section, including execution and recording requirements and the matters assigned thereby. Upon any completed foreclosure sale pursuant to any instrument under which the Declarant rights become security for an obligation, or the recording or filing of a deed or other instrument in lieu of foreclosure, the purchaser at the foreclosure sale, or the grantee under any deed or other instrument in lieu of foreclosure, shall receive the rights, privileges, powers and/or obligations that were assigned as security for the Declarant's obligation, unless the foreclosure documents or conveying document specifically exclude such rights, privileges, powers and/or obligations.

Notwithstanding anything to the contrary in this Section, with respect to the Common Area (including Common Property and Stormwater Control Measures) and utilities in the Property, Declarant may assign to the Association, and the Association shall accept assignment of and execute the assignment document with respect to, any or all of the following in whole or in part, including the costs thereof: all rights, duties, liabilities, obligations and indemnities of the Declarant under all permits issued by the City or any provider of utilities to any part or all of the Property, and/or under all agreements between the Declarant and the City or any provider of utilities to any part or all of the Property, with respect to maintenance of the Common Area and/or utilities in the Property. Provided, however, and notwithstanding the foregoing, Declarant may not assign to the Association any of its obligations or liabilities or indemnities directly related to the improvements for the initial installation of Common Property, Stormwater Control Measures and/or utilities and/or publicly dedicated street in the Subdivision as required by the City or a utility provider for development of the Property in accordance with a Subdivision Plan, including warranties for construction of such improvements, if any, required by any governmental entity or utility provider prior to its acceptance of maintenance responsibility, if any, for such improvements (it being recognized that one or more of such improvements may not be of a type that are accepted for maintenance by a governmental entity or utility provider). Declarant shall have the authority to resolve any dispute as to what rights, duties, liabilities, obligations and/or indemnities can be assigned to the Association pursuant to this paragraph.

Section 14. Costs and Reasonable Attorneys' Fees. In any action to enforce the provisions of any Governing Documents, the court may award reasonable attorneys' fees to the prevailing party, even if such action is settled prior to any trial, judgment or appeal. It also is the specific intent of this Section that it constitutes the allowance of the award of reasonable attorneys' fees as required under Section 47F-3-120 of the Act.

Section 15. Actions Against Declarant. The affirmative vote or consent of the Members that is equal to or greater than sixty seven percent (67%) of the total number of votes in the Association first

shall be required prior to the Association doing any or all of the following with respect to the Declarant or any successor Declarant, regardless of whether such Person is the Declarant at the time the Association takes the action or obtains the necessary vote or consent required to take such action: (i) file a complaint, on account of any act or omission of Declarant, with any governmental entity which has regulatory or judicial authority over the Properties or any part thereof; or (ii) assert a claim against Declarant or sue Declarant in any court of law or equity or before any administrative or other board or committee or branch of any Governmental Entity, or request legal or equitable relief against Declarant.

Section 16. Rule Against Perpetuities. As provided in Section 47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of the Declaration, or the Bylaws, rules, or regulations adopted pursuant to Section 47F-3-102(1) of the Act. In the event of the absence of the protection of Section 47F-2-103(b) of the Act, if the Declaration or any provision thereof violates any applicable Rule Against Perpetuities, the Declaration or such provisions shall be deemed reformed to continue in effect for the maximum period of time that the Declaration or such provision could exist without violating such applicable Rule Against Perpetuities.

Section 17. Reserved Rights. Whenever the Declaration reserves a right for, or requires or authorizes a consent, approval, variance or waiver by, Declarant during the Declarant Control Period or Development Period, and thereafter confers such right upon, or requires or authorizes such approval or waiver by, the Association or Board, the applicable right may be exercised, or the applicable approval or variance or waiver may be given, only by Declarant (or its assigns, which may include the Board) during the applicable period, and, thereafter; only by the Board or its authorized designee (unless a vote or consent of the Members of the Association also is required or alone is required).

Section 18. Legal Requirements. All Governing Documents shall be subject to and construed in accordance with all Legal Requirements, including all applicable provisions of the Code. It shall be the responsibility of each Owner to comply with all Legal Requirements, whether or not any approval, disapproval, waiver or variance of the terms of any Governing Documents has been given by Declarant, the Association or the ACC. It is the express intention of the Governing Documents to comply with the Act, and any provisions of the Governing Documents that are not in compliance with the Act shall be deemed reformed from time to time to comply therewith. Provided, however, it also is the intention of the Governing Documents that, unless its provisions violate the Act, such provisions shall control, and, insofar as reasonably possible, the provisions of the Governing Documents shall be construed in such manner as to be consistent with, and not in violation of, the Act.

Section 19. Marketable Title Act. It is the intention of the Declarant that the Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other Legal Requirement that would or could terminate the Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may re-record in the Registry the Declaration or some memorandum or other notice hereof in order to continue the Declaration in full force and effect and/or to qualify the Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other Legal Requirement.

[The remainder of this page is intentionally left blank. Signature page immediately follows.]

IN WITNESS WHEREOF, Declarant has caused this declaration to be executed by their authorized person on this the 2nd day of February, 2017.

BLUE TREASURE LLC,
a North Carolina limited liability company

BY: [Signature]
Name: Timothy R. Smith
Title: Manager/Member

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public, certify that Timothy R. Smith personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Member/Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 2 day of Feb., 2017.



[Signature]
Notary Public

My commission expires Aug. 3, 2017

Exhibit "A-1"**Legal Description of Property**

BEING all of that certain real property, including but not limited to all of Lots 1-90, inclusive, as shown on that map entitled "SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated October 20, 2016, and recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina.

SAVE AND EXCEPT, for purposes of clarity, any and all portion of the adjoining property shown as "Old Lot" on the above-referenced map.

Exhibit "A-2"

Additional Property

Being all or any real property that either is contiguous to any boundary of the Properties or is located within five (5) miles of any boundary of the Properties as such boundaries are constituted at the time of the annexation of such real property to this Declaration.

Exhibit "B"
SHORT-TERM RENTAL COMMUNITY

Notwithstanding that many Owners may reside in their Dwellings full-time, the Community is also a rental Community allowing for the rental of Dwellings, including the short-term rental thereof, as provided in this Declaration (including in this **Exhibit "B"**).

Applicability. The provisions of this "**Exhibit "B"**" shall be applicable to the entire Community, but shall not be applicable to Declarant or any Builder.

Occupancy. Each Unit may be used as a temporary residential dwelling, in accordance with all applicable Legal Requirements. Notwithstanding the foregoing, in no event shall occupancy (except for temporary occupancy by visiting guests) exceed that which is permitted by Legal Requirements. Each tenant or occupant shall comply with the covenants, terms, conditions, restrictions of this Declaration and any and all Rules and Regulations of the Association, including, without limitation, any and all regulations and/or procedures, if any, adopted regarding mandatory check-in for Owners, lessees, occupants and residents; coordination of any charging privileges the Association may elect to afford Owners, their guests, invitees, or tenants; and any other matters reasonably necessary to: (i) allow Owners, lessees, occupants and guests to be well integrated in a rental program structure and operation; (ii) ensure that Dwellings and the use and occupancy thereof by Owners, lessees, occupants and guests are integrated to the extent contemplated by this Declaration; and (iii) ensure that all operations may be conducted in an efficient manner.

No Nuisance; Work in the Community. A short-term rental with transient guests, and the associated movement in and out of the same, shall not in and of themselves constitute a nuisance in the Community. Each Owner by acceptance of a deed to their Lot and Dwelling, agrees and acknowledges that any and all activities in any way related to the operation of the Community in whole or in part as a short-term rental community shall not be deemed a nuisance. Except during the initial build-out of the Community by Declarant and Builders, the Association shall have the right to establish non-discriminatory restrictions on any and all Persons performing work within the Community, including without limitation by (i) restricting the hours during which work may be performed and restricting access of contractors to certain areas, (ii) requiring that all Persons performing any work have all necessary licenses and permits to perform the work (iii) requiring that all Persons performing any work have adequate insurance coverage and the Association is named additional insured on such policy(ies) and (iv) requiring a security deposit or other collateral to protect against damage that may be caused during such work.

Leases. It is intended that the Dwellings may be used for short-term rentals. A such, leasing of Dwellings shall not be subject to the approval of the Association, or subject to any other limitations, other than as expressly provided herein. Accordingly, there shall be no minimum lease term, nor any maximum number of times that a Dwelling may be leased. The Owner of a Dwelling will be jointly and severally liable with the lessee or occupant of the same to the Association for any amount that is required by the Association, to repair any damage to the Common Area (including any Recreational Amenities) resulting from acts or omissions of

lessees or occupants (as determined in the sole discretion of the Association) and to pay any claim for injury or damage to property caused by the negligence of the lessee or occupant, and special individual assessments may be levied against the Lots/Dwellings therefor. All tenancies are hereby made subordinate to any lien filed by the Association, whether prior or subsequent to such lease. It is expressly understood and agreed that rental of Lots/Dwellings for any term is expressly authorized and permitted.

Designation of Leasing Agent. Although Dwellings shall be leased without the prior written approval of the Association, the Owner of a leased Dwelling is required to provide to the Association, prior to the commencement of the lease, the name and contact information for the firm or individual representing the Owner as the Owner's leasing agent. All leases shall provide the Association shall have the right to terminate the respective lease in the event of a default by the Owner under this Exhibit "B", or in the event that the Owner's lessee fails to observe the provisions of this Declaration or the Rules and Regulations adopted by the Board.

Extended Vacation and Absences. In the event a Dwelling will be unoccupied for an extended period, the Dwelling must be prepared prior to departure by: (i) notifying Association in writing; (ii) removing all removable furniture, plants and other objects from outside the Dwelling; and (iii) designating a responsible firm or individual to care for the Dwelling, should the Dwelling suffer damage or require attention, and providing a key to that firm or individual. The name of the designee shall be furnished to Association. Neither Association nor Declarant shall have any responsibility of any nature relating to any unoccupied Dwelling.

End of Exhibit "B"



FILE # 1569053

NORTH CAROLINA, CARTERET COUNTY
This instrument and this certificate are duly filed at
the date and time and in the Book and Page shown
on the first page hereof.

Jerry T. Hardesty, Register of Deeds
By: Mary Adams
Asst. Deputy, Register of Deeds

FOR REGISTRATION REGISTER OF DEEDS
Jerry T. Hardesty
Carteret County, NC
March 07, 2017 12:56:13 PM
MARY ADMT 6 P
FEE \$26.00
FILE # 1569053

J Harris Law

Prepared by and return to: David E. Miller, III, Esq.
Morris, Russell, Eagle & Worley, PLLC
2235 Gateway Access Point, Suite 201
Raleigh, NC 27607

**SUPPLEMENTAL DECLARATION AND AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BEAU COAST**

CARTERET COUNTY, NORTH CAROLINA

This SUPPLEMENTAL DECLARATION AND AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BEAU
COAST ("Supplemental Declaration and Amendment") is made this 7 day of March,
2017, by Blue Treasure LLC, a North Carolina limited liability company ("Declarant").

WITNESSETH:

WHEREAS, the DECLARANT heretofore executed that certain Declaration of
Covenants, Conditions, and Restrictions for Beau Coast and caused the same to be recorded in
Book 1566 at Page 433 in the Carteret County Registry (the "Declaration");

WHEREAS, the Declaration provides the Declarant, during the Declarant Control Period,
may unilaterally, and in its sole discretion, without the joinder or approval of the Association,
any Member, or any other Person and without the necessity of a meeting of the Association,
amend the Declaration for any purpose, and may record any such amendment;

WHEREAS, the Declaration provides the Declarant, at any time and from time to time
during the Development Period in its sole discretion, may annex all or part of the Additional
Property to the terms, provisions, liens, charges, easements, covenants and restrictions of the
Declaration by executing and recording a supplemental declaration describing the portion of the
Additional Property being annexed;

WHEREAS, the Declarant Control Period and Development Period have not ended;

BOOK 1569 PAGE 63

①

WHEREAS, the Declaration provides that the amendment of the Declaration described herein shall require the consent of Lennar Carolinas, LLC, a Delaware limited liability company ("**Lennar**");

WHEREAS, Declarant intends to amend the description of the Property in the Declaration for certain Lots and certain open space in Beau Coast Phase 1A;

WHEREAS, Declarant intends to annex and make subject to the Declaration that part of the Additional Property described herein;

WHEREAS, it is the intent of the Declarant that this Supplemental Declaration and Amendment shall be applicable to all Owners, and shall remain in effect until otherwise rescinded, modified, or amended pursuant to the Declaration.

NOW THEREFORE, in accordance with the Declaration, the Declarant does hereby supplement and amend the Declaration as follows:

1. Amendment. Declarant hereby amends the description of the Property for Lots 4, 5, 6, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 17, 18 and 20 and Open Space 3, 6, 7, 9 and 10 in Beau Coast Phase 1A, as more particularly described in Exhibit A attached hereto and incorporated herein by reference, to the provisions of the Declaration.

2. Annexation. Declaration hereby subjects all of the property described in Exhibit B, attached hereto and incorporated herein by reference (the "Annexed Property"), to the provisions of the Declaration and annexes such Property into Beau Coast Subdivision.

3. Effectiveness. This Supplemental Declaration and Amendment shall be effective upon recordation in the Office of the Carteret County Registry.

4. Ratification. All capitalized terms used in this Supplemental Declaration and Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Declaration. Except as expressly modified in this Supplemental Declaration and Amendment, every term and provision of the Declaration, as amended and supplemented, is hereby ratified and remains in full force and effect.

[Execution page follows]

BOOK 1569 PAGE 53

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the 2 day of March, 2017.

BLUE TREASURE LLC,
a North Carolina limited liability company

BY: Timothy R Smith
Name: Timothy R Smith
Title: Manager/Member

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public, certify that Timothy R Smith personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Member/Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 2 day of March, 2017.



Lauren L. Spirovich
Notary Public

My commission expires Aug. 8, 2021

BOOK 1569 PAGE 53

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by their authorized person on this the 3 day of March, 2017, to evidence their consent to the amendment of the Declaration described herein.

LENNAR CAROLINAS, LLC,
a Delaware limited liability company

BY: [Signature]
Name: PATRICIA HANCHETTE
Title: VP DIVISION PRESIDENT

STATE OF NC

COUNTY OF WAKE

I, a Notary Public, certify that Patricia E Hanchette personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: VP Div President of Lennar Carolinas, LLC, a Delaware limited liability company.

Witness my hand and official seal, this 3 day of March, 2017.



[NOTARIAL/ OFFICIAL SEAL]

[Signature]
Notary Public

My commission expires 4.30.2018

BOOK 1569 PAGE 53

EXHIBIT A

Legal Description of Property

BEING all of that certain real property, including but not limited to all of Lots 1-90, inclusive, as shown on that map entitled "A SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated October 20, 2016, and recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina, as amended by that certain map entitled "RECOMBINATION PLAT OF BEAU COAST PHASE 1A LOTS 4-6, 35-44, 17, 18, 20, OPEN SPACE 3, 6, 7, 9 & 10 PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated February 1, 2017, and recorded in Map Book 33, Page 426, in the office of the Register of Deeds, Carteret County, North Carolina.

SAVE AND EXCEPT, for purposes of clarity, any and all portion of the adjoining property shown as "Old Lot" on the above-referenced map recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina.

BOOK 1569 PAGE 93

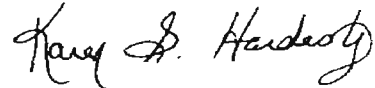
EXHIBIT B

Legal Description of Annexed Property

BEING all of Lots 52-58 and 72-78, inclusive, as shown on that map entitled "A SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated October 20, 2016, and recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina.

BOOK 1569 PAGE 53

FOR REGISTRATION REGISTER OF DEEDS
Karen S. Hardesty
Carteret County, NC
May 31, 2017 8:38:06 AM
ADMT # Pages: 6
Fee: \$26.00 NC Revenue Stamp: \$0.00
FILE # 1577140



Prepared by and return to: David E. Miller, III, Esq.
Morris, Russell, Eagle & Worley, PLLC
2235 Gateway Access Point, Suite 201
Raleigh, NC 27607

**SUPPLEMENTAL DECLARATION AND SECOND AMENDMENT TO THE DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BEAU COAST**

CARTERET COUNTY, NORTH CAROLINA

This SUPPLEMENTAL DECLARATION AND SECOND AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BEAU COAST ("Supplemental Declaration and Amendment") is made this 30th-day of May, 2017, by Blue Treasure LLC, a North Carolina limited liability company ("Declarant").

WITNESSETH:

WHEREAS, the Declarant heretofore executed that certain Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1566 at Page 433 (or File #1566433) in the Carteret County Registry, as supplemented and amended by that certain Supplemental Declaration and First Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1569 at Page 53 (or File #1569053) in the Carteret County Registry (collectively the "Declaration");

WHEREAS, the Declaration provides the Declarant, during the Declarant Control Period, may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment;

WHEREAS, the Declaration provides the Declarant, at any time and from time to time during the Development Period in its sole discretion, may annex all or part of the Additional Property to the terms, provisions, liens, charges, easements, covenants and restrictions of the

Declaration by executing and recording a supplemental declaration describing the portion of the Additional Property being annexed;

WHEREAS, the Declarant Control Period and Development Period have not ended;

WHEREAS, Declarant intends to amend the description of the Exempt Property in the Declaration for certain Lots in Beau Coast Phase 1A;

WHEREAS, Declarant intends to annex and make subject to the Declaration that part of the Additional Property described herein;

WHEREAS, this Supplemental Declaration and Amendment shall require the consent of Sunken Treasure LLC, a North Carolina limited liability company, with respect to Lots 792, 793, 794 and 795, as more particularly described in Exhibit A attached hereto and incorporated herein;

WHEREAS, this Supplemental Declaration and Amendment constitutes a Non-Material Amendment and does not require the Amendment Consent of Lennar;

WHEREAS, it is the intent of the Declarant that this Supplemental Declaration and Amendment shall be applicable to all Owners, and shall remain in effect until otherwise rescinded, modified, or amended pursuant to the Declaration.

NOW THEREFORE, in accordance with the Declaration, the Declarant does hereby supplement and amend the Declaration as follows:

- 1. Amendment. Declarant hereby amends the definition of “Exempt Property” in Article I(x) to include those certain lots (the “Model Home Lots”) described in the attached Exhibit A.
- 2. Annexation. Declarant hereby subjects all of the property described in Exhibit B attached hereto and incorporated herein (the “Annexed Property”) to the provisions of the Declaration and annexes such Annexed Property into Beau Coast Subdivision.
- 3. Effectiveness. This Supplemental Declaration and Amendment shall be effective upon recordation in the Office of the Carteret County Registry.
- 4. Ratification. All capitalized terms used in this Supplemental Declaration and Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Declaration. Except as expressly modified in this Supplemental Declaration and Amendment, every term and provision of the Declaration, as amended and supplemented, is hereby ratified and remains in full force and effect.

[Execution page follows]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the 30 day of May, 2017.

BLUE TREASURE LLC,
a North Carolina limited liability company

BY: [Signature]
Name: Julian W. Rawl
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public, certify that Julian W. Rawl personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 30 day of May, 2017.



[NOTARY'S OFFICIAL SEAL]

[Signature]
Notary Public

My commission expires Aug. 5, 2021

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by their authorized person on this the 30 day of May, 2017, to evidence their consent to the terms and provisions of this Supplemental Declaration and Amendment with respect to Lots 792, 793, 794 and 795, as more particularly described in the attached Exhibit A.

Sunken Treasure LLC,
a North Carolina limited liability company

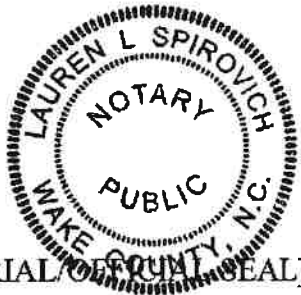
BY: *Julian W. Rawl*
Name: Julian W. Rawl
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public, certify that Julian W. Rawl personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Julian W. Rawl of Sunken Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 30 day of May, 2017.



[NOTARIAL SEAL]

Lauren L. Spirovich
Notary Public

My commission expires Aug. 3, 2021

EXHIBIT A

Legal Description of Model Home Lots

BEING all of Lots 44, 79, 80, 792, 793, 794 and 795, as shown on that map entitled "A SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated October 20, 2016, and recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina.

EXHIBIT B

Legal Description of Annexed Property

BEING all of Lots 44, 79, 80, 792, 793, 794 and 795, as shown on that map entitled "A SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of Withers & Ravenel, dated October 20, 2016, and recorded in Map Book 33, Page 401, in the office of the Register of Deeds, Carteret County, North Carolina.

FOR REGISTRATION REGISTER OF DEEDS
Karen S. Hardesty
Carteret County, NC
November 7, 2018 4:22:07 PM
ADMT # Pages: 7
Fee: \$26.00 NC Revenue Stamp: \$0.00
FILE # 1622492

Karen S. Hardesty

Prepared by and return to: David E. Miller, III, Esq.
Longleaf Law Partners
2235 Gateway Access Point, Suite 201
Raleigh, NC 27607

THIRD AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST

CARTERET COUNTY, NORTH CAROLINA

This **THIRD AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BEAU COAST** ("**Amendment**") is made this 31st day of October, 2018, by Blue Treasure LLC, a North Carolina limited liability company ("**Declarant**").

WITNESSETH:

WHEREAS, the Declarant heretofore executed that certain Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1566 at Page 433 (or File #1566433) in the Carteret County Registry, as supplemented and amended by that certain Supplemental Declaration and First Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1569 at Page 53 (or File #1569053) in the Carteret County Registry, and as further supplemented and amended by that certain Supplemental Declaration and Second Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1577 at Page 140 (or File #1577140) in the Carteret County Registry (collectively the "**Declaration**");

WHEREAS, Declarant and Lennar Carolinas, LLC entered into that certain Amended and Restated Agreement for the Purchase and Sale of Real Property (Beau Coast) dated August 4, 2016 (the "Lennar Agreement") that, *inter alia*, granted to Lennar (i) the right to purchase Lots within the Community, and (ii) certain rights and privileges under the Declaration;

WHEREAS, Declarant and Lennar, contemporaneously with the execution of this Amendment, have terminated the Lennar Agreement, and pursuant to such agreement, Declarant desires to amend the Declaration with respect to the rights and privileges of Lennar;

WHEREAS, the Declaration provides the Declarant, during the Declarant Control Period, may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment;

WHEREAS, the Declaration provides the Declarant, at any time and from time to time during the Development Period in its sole discretion, may annex all or part of the Additional Property to the terms, provisions, liens, charges, easements, covenants and restrictions of the Declaration by executing and recording a supplemental declaration describing the portion of the Additional Property being annexed;

WHEREAS, the Declarant Control Period and Development Period have not ended;

WHEREAS, this Amendment requires the Amendment Consent of Lennar;

WHEREAS, it is the intent of the Declarant that this Supplemental Declaration and Amendment shall be applicable to all Owners, and shall remain in effect until otherwise rescinded, modified, or amended pursuant to the Declaration.

NOW THEREFORE, in accordance with the Declaration, the Declarant does hereby supplement and amend the Declaration as follows:

1. Amendment of Rights of Lennar. The rights of Lennar described in the Declaration shall be limited solely and exclusively to the Lots in the Community owned by Lennar at the time of the recording of this Amendment (collectively, the "**Lennar Lots**"). The Lennar Lots are more particularly described on **Exhibit "A"** attached hereto and incorporated herein by reference.

2. Amendment of Article II, Section 3 ("Withdrawal of Property"). Article II, Section 3 is hereby deleted in its entirety and replaced with the following:

The Declarant may, in its sole discretion at any time and from time to time during the Development Period, withdraw any portion of the Property from the coverage of this Declaration, regardless of the fact that such actions may affect the relative voting strength of any Member or class of membership in the Association or increase or reduce the number of Owners subject to assessment under this Declaration, by recording a Supplemental Declaration describing the portion of the Property being withdrawn; provided, however, if the property is part of the Common Areas and is owned or leased by the Association, the written consent of the Association shall be required to effect such withdrawal. From and after such recording, the withdrawn portion of the Property no longer shall be part of the Property and may be held, transferred, sold, conveyed, used, given, leased, occupied, mortgaged or otherwise encumbered free and clear of any and all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration.

3. Amendment of Article II, Section 6 (“Neighborhoods”). The first paragraph of Article II, Section 6 is hereby deleted in its entirety and replaced with the following:

At the time of the recording of this Declaration, the Declarant hereby establishes the following three (3) Neighborhoods within the Property: “Beau Shoals”, “Beaux Bridge” and “Beaufort East Village”. The Declarant, in its sole discretion, may establish additional Neighborhoods within the Property by Supplemental Declaration to the Declaration and/or Plats in order to subject such Lots to additional covenants and restrictions or to benefit said Lots differently from other Lots on the Property. During the Development Period, the Declarant, in its sole discretion and without the joinder of any other Person, may assign portions of the Property to a specific Neighborhood, redesignate Neighborhood boundaries, or remove portions of the Property from a specific Neighborhood.

4. Amendment of Article V, Section 9 (“Period of Declarant Control”). Upon the recordation of this Amendment in the Office of the Carteret County Registry, Lennar shall automatically be removed as a director of the Board.

5. Amendment of Article XI, Section 1 (“Amendment by Declarant”). The second paragraph of Article XI, Section 1 is hereby deleted in its entirety and replaced with the following:

Notwithstanding the immediately preceding paragraph, any amendment of the Declaration which materially affects a Lennar Lot shall require the consent (“Amendment Consent”) of Lennar for any period of time that Lennar is the Owner of a Lennar Lot in the Community.

6. Amendment of Article XII, Section 1 (“Duration”). Article XII, Section 1 is hereby deleted in its entirety and replaced with the following:

Unless sooner terminated as required by Legal Requirements, the Declaration shall run with and bind the Property and each Owner, and shall inure to the benefit of the Association, and each other Owner of any portion of the Property, and their respective heirs, successors, and assigns, from and after the recording of the Declaration in the Registry until such time as it is terminated by a written termination agreement, executed or ratified in the same manner as a deed, by those Members who hold eighty percent (80%) or more of the total number of votes in the Association, and also with the written consent of Declarant during the Development Period. Execution or ratification by any one of multiple Owners of a Lot is sufficient for that Lot unless, prior to the time the termination agreement is recorded in the Registry, any other Owner of that Lot files with the Association a written objection to the termination of the Declaration (in which event the vote allocated to that Lot shall be considered as not having been exercised). The termination agreement shall specify a date after which it will be void unless it is recorded in the Registry before that date. The termination agreement may not be recorded in the Registry unless and until the requisite number of signatures have been obtained as provided herein, and it shall be effective only upon recording. If, pursuant to the termination agreement, any real estate in the Property is to be sold following termination of the Declaration, the minimum terms of the sale shall be set forth therein.

7. Termination of Rights of Lennar. Immediately after the transfer of the last Lennar Lot to a Person other than Lennar, the rights of Lennar described in the Declaration shall have no further force or legal effect.

8. Effectiveness. This Amendment shall be effective upon recordation in the Office of the Carteret County Registry.

9. Ratification. All capitalized terms used in this Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Declaration. Any portion of the Declaration that is inconsistent with this Amendment shall be deemed amended to be consistent with this Amendment. Except as expressly modified in this Amendment, every term and provision of the Declaration, as amended and supplemented, is hereby ratified and remains in full force and effect.

[Execution page follows]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the _____ day of _____, 2018.

BLUE TREASURE LLC,
a North Carolina limited liability company

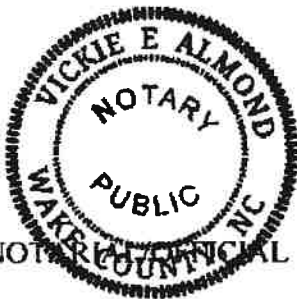
BY: Julian W. Rawl
Name: Julian W. Rawl
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public, certify that Julian W. Rawl personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 1 day of November, 2018.



[NOTARY PUBLIC SEAL]

Vickie E Almond
Notary Public

My commission expires June 26, 2021

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by their authorized person on this the 5th day of NOVEMBER, 2018, to evidence their consent to the amendment of the Declaration described herein.

LENNAR CAROLINAS, LLC,
a Delaware limited liability company

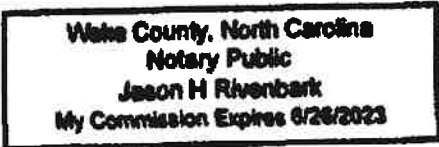
BY: [Signature]
Name: TROY J. GEORGE
Title: DIVISION PRESIDENT

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public, certify that TROY J. GEORGE personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: DIVISION PRESIDENT of Lennar Carolinas, LLC, a Delaware limited liability company.

Witness my hand and official seal, this 5th day of NOVEMBER, 2018.



[Signature] / JASON H. RIVENBARK
Notary Public

My commission expires 6/26/2023

[NOTARIAL/OFFICIAL SEAL]

EXHIBIT "A"

Legal Description of Lennar Lots

Being all of Lots 8, 15-16, 20, 24, 27-28, 30, 35-44, 50, 53-54, 56, 58-59, 72-75, and 77-79, as shown on that map entitled "SUBDIVISION MAP OF BEAU COAST PHASE 1A PROPERTY OF BLUE TREASURE LLC – LENNAR CAROLINAS, LLC SUNKEN TREASURE, LLC" prepared by Rudolf A. Vandervelde, Jr., PLS of WithersRavenel, dated July 13, 2017, and recorded in the office of the Register of Deeds for Carteret County, North Carolina in File #33505 (also known as Plat Book 33, Page 505).

Prepared by and return to: David E. Miller, III, Esq.
Longleaf Law Partners
4509 Creedmoor Road, Suite 302
Raleigh, NC 27612

FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST

CARTERET COUNTY, NORTH CAROLINA

This FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BEAU COAST ("Amendment") is made this ____ day of _____, 2020, by Blue Treasure LLC, a North Carolina limited liability company ("Declarant").

WITNESSETH:

WHEREAS, the Declarant heretofore executed that certain Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1566 at Page 433 (or File #1566433) in the Carteret County Registry, as supplemented and amended by that certain Supplemental Declaration and First Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1569 at Page 53 (or File #1569053) in the Carteret County Registry, and as further supplemented and amended by that certain Supplemental Declaration and Second Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1577 at Page 140 (or File #1577140) in the Carteret County Registry, and as further supplemented and amended by that certain Third Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast (the "Third Amendment") recorded in Book 1622 at Page 492 (or File #1622492) in the Carteret County Registry (collectively the "Declaration");

WHEREAS, the Declaration provides the Declarant, during the Declarant Control Period, may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment;

WHEREAS, the Declarant Control Period has not ended;

WHEREAS, Declarant no longer intends for the Community to contain the Neighborhood known as "Beaufort East Village";

WHEREAS, all Lennar Lots have been transferred to a Person other than Lennar and Lennar has no right to purchase a Lot in the Community from Declarant;

WHEREAS, Declarant desires to make such other amendments to the Declaration as provided herein;

WHEREAS, Declarant intends to annex and make subject to the Declaration that part of the Additional Property described herein;

WHEREAS, it is the intent of the Declarant that this Amendment shall be applicable to all Owners and shall remain in effect until otherwise rescinded, modified or amended pursuant to the Declaration.

NOW THEREFORE, in accordance with the Declaration, the Declarant does hereby amend the Declaration as follows:

1. Annexation. Declarant hereby subjects all of the property described in Exhibit A, attached hereto and incorporated herein by reference (the "Annexed Property"), to the provisions of the Declaration and annexes such Annexed Property into the Community.

2. Amendments Related to Beaufort East Village.

a. Amendment to Definition of "Development Plan" in Article I ("Definitions"). The definition of "Development Plan" is hereby amended to exclude any plan(s) that may be entitled "Beaufort East Village."

b. Amendment to Definition of "Neighborhood" in Article I ("Definitions"). The definition of "Neighborhood" is hereby amended to contemplate two (2) Neighborhoods which shall be known as "Beau Shoals" and "Beaux Bridge".

c. Amendment of Article II, Section 6 ("Neighborhoods"). Article II, Section 6 is hereby amended to provide that the Declarant has established the following two (2) Neighborhoods within the Property: "Beau Shoals" and "Beaux Bridge".

d. Amendment to Article III, Section 10 ("Beaufort East Village Neighborhood Limited Common Area"). Article III, Section 10 is hereby deleted in its entirety.

3. Amendments Related to Lennar.

a. Termination of Rights of Lennar. For purposes of clarity, any and all rights of Lennar described in the Declaration, including but not limited to Amendment Consent and any written consents required from Lennar, are null and void and have no further force and effect in accordance with paragraph 7 of the Third Amendment. Any paragraphs, section, sentences, clauses and phrases of the Declaration referencing Lennar shall be interpreted in accordance with Article XV, Section 2 of the Declaration.

b. Amendment to Definition of "Builder" in Article I ("Definitions"). The definition of "Builder" is hereby deleted in its entirety and replaced with the following:

"Builder" is defined as a Person, other than the Declarant, who constructs residential dwellings for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Property for the purpose of constructing thereon one or more residential dwellings for resale to other Persons "Builders" refers to all such persons or entities collectively.

4. Amendment of Article VIII, Section 16 ("Vehicles and Parking"). Article VIII, Section 16 is hereby amended to allow the Owner(s) or occupant(s) of a Lot to park (i) licensed and operable two-axle automobiles or two-axle trucks owned by such Owner(s) or occupant(s) within the publicly dedicated

right of ways within the Community and (ii) commercial vehicles (including a commercial vehicle with advertising or lettering) owned by such Owner(s) or occupant(s) in a driveway located on a Lot.

5. Amendment of Article XIV, Section 2 ("Townhome Casualty Insurance – Association"). Article XIV, Section 2 is hereby amended to add subsection (e) with the following:

Notwithstanding any terms and provisions in the Declaration and in any event in addition to the same, in the event an Owner is responsible, or deemed responsible by such Owner's insurance company, for damage to a Townhome or Townhome Building, and such damage results in a claim on any insurance policy purchased by the Association under this Article XIV of this Declaration, the cost of the Association's deductible under such insurance policy shall be charged to such Owner and shall be a special individual assessment against such Owner's Lot.

6. No Leasing on Lots Situated North of Freedom Park Road. Article VIII, Section 23 is hereby amended to prohibit any and all leasing or rental activity in connection with any Lot in the Community, including any Dwelling thereon, located north of Freedom Park Road. Each Dwelling on such Lots shall be used only for primary or secondary residential occupancy by an Owner. The restriction in this paragraph shall apply to any Additional Property located north of Freedom Park Road and subjected to this Declaration. Every Owner, by acceptance of a deed for any Lot in the Community which lies north of Freedom Park Road, acknowledges and agrees that such Lot and any Dwelling thereon is subject to the restrictions described herein.

7. Effectiveness. This Amendment shall be effective upon recordation in the Office of the Carteret County Registry.

8. Ratification. All capitalized terms used in this Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Declaration. Any portion of the Declaration that is inconsistent with this Amendment shall be deemed amended to be consistent with this Amendment. Except as expressly modified in this Amendment, every term and provision of the Declaration, as amended and supplemented, is hereby ratified and remains in full force and effect.

[Execution page follows]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the _____ day of _____, 2020.

BLUE TREASURE LLC,
a North Carolina limited liability company

BY: _____
Name: _____
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public, certify that _____ personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this ___ day of _____, 2020.

Notary Public

My commission expires _____

[NOTARIAL/OFFICIAL SEAL]

EXHIBIT A

Legal Description of Annexed Property

BEING all of that certain real property, including but not limited to all of Lots 207-208, inclusive, and all of Lots 245-291, inclusive, as shown on that map entitled "SUBDIVISION MAP OF BEAU COAST PHASE 2B PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of WithersRavenel, dated _____, 2020, and recorded in Map Book _____ at Page _____ in the office of the Register of Deeds, Carteret County, North Carolina.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the 2 day of March, 2017.

BLUE TREASURE LLC,
a North Carolina limited liability company

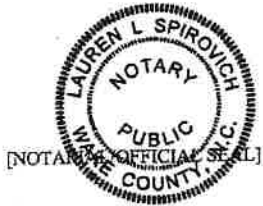
BY: Timothy R Smith
Name: Timothy R Smith
Title: Manager/Member

STATE OF NORTH CAROLINA

COUNTY OF Wake

I, a Notary Public, certify that Timothy R Smith personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Member/Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 2 day of March, 2017.



Lauren L. Spirovich
Notary Public

My commission expires Aug. 5, 2021

BOOK 1569 PAGE 53

Karen S. Hardesty
Carteret County, NC

September 25, 2020 9:39:33 AM

ADMT # Pages: 6

Fee: \$26.00

NC Revenue Stamp: \$0.00

FILE # 1689035

Prepared by and return to: David E. Miller, III, Esq.
Longleaf Law Partners
4509 Creedmoor Road, Suite 302
Raleigh, NC 27612

FIFTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST

CARTERET COUNTY, NORTH CAROLINA

This FIFTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BEAU COAST ("Amendment") is made this 23 day of September, 2020, by Blue Treasure LLC, a North Carolina limited liability company ("Declarant").

WITNESSETH:

WHEREAS, the Declarant heretofore executed that certain Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1566 at Page 433 (or File #1566433) in the Carteret County Registry, as supplemented and amended by that certain Supplemental Declaration and First Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1569 at Page 53 (or File #1569053) in the Carteret County Registry, and as further supplemented and amended by that certain Supplemental Declaration and Second Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1577 at Page 140 (or File #1577140) in the Carteret County Registry, and as further supplemented and amended by that certain Third Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast (the "Third Amendment") recorded in Book 1622 at Page 492 (or File #1622492) in the Carteret County Registry, and as further supplemented and amended by that certain Fourth Amendment to the Declaration of Covenants, Conditions, and Restrictions for Beau Coast recorded in Book 1679 at Page 383 (or File #1679383) in the Carteret County Registry (collectively the "Declaration");

WHEREAS, the Declaration provides the Declarant, during the Declarant Control Period, may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment;

WHEREAS, the Declarant Control Period has not ended;

WHEREAS, Declarant no longer intends for the Community to contain the Neighborhood known as "Beaufort East Village";

Submitted electronically by "Longleaf Law Partners"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Carteret County Register of Deeds.

WHEREAS, Declarant intends to change the name of the Neighborhood known as “Beaux Bridge” to “Peninsula”;

WHEREAS, all Lennar Lots have been transferred to a Person other than Lennar and Lennar has no right to purchase a Lot in the Community from Declarant;

WHEREAS, Declarant desires to make such other amendments to the Declaration as provided herein;

WHEREAS, Declarant intends to annex and make subject to the Declaration that part of the Additional Property described herein;

WHEREAS, it is the intent of the Declarant that this Amendment shall be applicable to all Owners and shall remain in effect until otherwise rescinded, modified or amended pursuant to the Declaration.

NOW THEREFORE, in accordance with the Declaration, the Declarant does hereby amend the Declaration as follows:

1. **Annexation.** Declarant hereby subjects all of the property described in Exhibit A, attached hereto and incorporated herein by reference (the “**Annexed Property**”), to the provisions of the Declaration and annexes such Annexed Property into the Community.

2. Amendments Related to Beaufort East Village and Beaux Bridge.

a. Amendment to Definition of “Development Plan” in Article I (“Definitions”). The definition of “Development Plan” is hereby amended to exclude any plan(s) that may be entitled “Beaufort East Village.”

b. Amendment to Definition of “Neighborhood” in Article I (“Definitions”). The definition of “Neighborhood” is hereby amended to contemplate two (2) Neighborhoods which shall be known as “Beau Shoals” and “Peninsula”. The Neighborhood formerly known as “Beaux Bridge” shall now be known as “Peninsula” and all references to “Beaux Bridge” in the Declaration shall be replaced with “Peninsula”. Notwithstanding the amendments in subsections (c) and (d) below, all references to “Beaufort East Village” in the Declaration are hereby deleted and shall have no force or effect.

c. Amendment of Article II, Section 6 (“Neighborhoods”). Article II, Section 6 is hereby amended to provide that the Declarant has established the following two (2) Neighborhoods within the Property: “Beau Shoals” and “Peninsula”.

d. Amendment to Article III, Section 10 (“Beaufort East Village Neighborhood Limited Common Area”). Article III, Section 10 is hereby deleted in its entirety.

3. Amendments Related to Lennar.

a. Termination of Rights of Lennar. For purposes of clarity, any and all rights of Lennar described in the Declaration, including but not limited to Amendment Consent and any written consents required from Lennar, are null and void and have no further force and effect in accordance with paragraph 7 of the Third Amendment. Any paragraphs, section, sentences, clauses and phrases of the Declaration referencing Lennar shall be interpreted in accordance with Article XV, Section 2 of the Declaration.

b. Amendment to Definition of “Builder” in Article I (“Definitions”). The definition of “Builder” is hereby deleted in its entirety and replaced with the following:

“Builder” is defined as a Person, other than the Declarant, who constructs residential dwellings for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Property for the purpose of constructing thereon one or more residential dwellings for resale to other Persons “Builders” refers to all such persons or entities collectively.

4. **Amendment of Article VIII, Section 16 (“Vehicles and Parking”)**. Article VIII, Section 16 is hereby amended to allow the Owner(s) or occupant(s) of a Lot to park (i) licensed and operable two-axle automobiles or two-axle trucks owned by such Owner(s) or occupant(s) in marked or dedicated parking spaces within the publicly dedicated right of ways within the Community and (ii) licensed and operable two-axle commercial automobiles or two-axle commercial trucks (including a commercial vehicle with advertising or lettering) owned by such Owner(s) or occupant(s) in a driveway located on a Lot.

5. **Amendment of Article XIV, Section 2 (“Townhome Casualty Insurance – Association”)**. Article XIV, Section 2 is hereby amended to add subsection (e) with the following:

Notwithstanding any terms and provisions in the Declaration and in any event in addition to the same, in the event an Owner is responsible, or deemed responsible by such Owner’s insurance company, for damage to a Townhome or Townhome Building, and such damage results in a claim on any insurance policy purchased by the Association under this Article XIV of this Declaration, the cost of the Association’s deductible under such insurance policy shall be charged to such Owner and shall be a special individual assessment against such Owner’s Lot.

6. **No Leasing on Lots Situated North of Freedom Park Road**. Article VIII, Section 23, which governs leasing, is hereby amended to prohibit any and all leasing or rental activity in connection with any Lot in the Community, including any Dwelling thereon, located north of Freedom Park Road. Each Dwelling on such Lots shall be used only for primary or secondary residential occupancy by an Owner. The restriction in this paragraph shall apply to any Additional Property located north of Freedom Park Road and subjected to this Declaration. Every Owner, by acceptance of a deed for any Lot in the Community which lies north of Freedom Park Road, acknowledges and agrees that such Lot and any Dwelling thereon is subject to the restrictions described herein.

7. **Amendment of Article VI for Additional Assessment of Lots in Phase 2B of the Community**. Article VI, Section 5, which governs the levying of Special Assessments, is hereby amended to add the following:

The Association may levy “special assessments” during any fiscal year on the owners of any Lot in Phase 2B of the Community to pay for any of the following: (i) the costs and maintenance of any monument signage in Limited Common Area within Phase 2B of the Community and maintenance of same; (ii) the costs and maintenance of any landscaping in Limited Common Area within Phase 2B of the Community and maintenance of same; and (iii) any expenses of the Association which benefit only the Lots in Phase 2B of the Community. The term “Phase 2B” shall mean all of the Lots shown as part of Phase 2B on that certain map entitled “SUBDIVISION MAP OF BEAU COAST PHASE 2B AND EASEMENT MAP OF LOTS 206 & 292 BEAU COAST PHASE 2A PROPERTY OF BLUE TREASURE LLC” recorded in Map Book 34, Page 043, Carteret County Registry, as the same may be amended.

8. **Amendment of Article XV for Affirmative Obligations of Owner of Unimproved Lot**. Article XV is hereby amended to add the following Section 20:

Section 20. Unimproved Lot Obligations. Any Unimproved Lot in the Community shall be maintained by its Owner, at such at such Owner’s sole expense, in a neat and attractive condition, including but not limited to maintenance of grass, trees, undergrowth and other vegetation, all in in accordance with the Community Wide Standards. In the event that an Owner fails to maintain its Unimproved Lot as provided herein, then the Association may perform such maintenance and all costs thereof may be assessed against the Owner as a specific assessment. The term “Unimproved Lot” shall mean a Lot (i) upon which there is not located a Dwelling for which a certificate of occupancy has been issued by the applicable governmental authority and (ii) which is owned by a Person who is not the Declarant or a Builder.

9. **Amendment of Article IV (“Easements and Property Rights in the Common Areas”).** Article IV, Section 1(b), which governs Declarant Activities on the Property, is hereby amended to reserve for Declarant and any Person authorized by Declarant, in the sole discretion of the Declarant and without payment of any fee or charge or compensation to any Person for doing so, the right to construct Recreational Amenities, including but not limited to additional mail kiosks and kayak barns, on any portion of the Common Areas transferred to or owned by the Association.

10. **Effectiveness.** This Amendment shall be effective upon recordation in the Office of the Carteret County Registry.

11. **Ratification.** All capitalized terms used in this Amendment that are not otherwise defined herein shall have the meaning ascribed to them in the Declaration. Any portion of the Declaration that is inconsistent with this Amendment shall be deemed amended to be consistent with this Amendment. Except as expressly modified in this Amendment, every term and provision of the Declaration, as amended and supplemented, is hereby ratified and remains in full force and effect.

[Execution page follows]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by their authorized person on this the 23 day of September, 2020.

BLUE TREASURE LLC,
a North Carolina limited liability company

BY: Timothy R Smith
Name: Timothy R Smith
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public, certify that Timothy R. Smith personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this 23 day of Sept., 2020.



[NOTARIAL/OFFICIAL SEAL]

Lauren L Ward
Notary Public

My commission expires Aug 3, 2021

EXHIBIT A

Legal Description of Annexed Property

BEING all of Lots 207, 208, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290 and 291, and being all of "OS 26", "OS 27" and "OS 28", all as shown on that certain map entitled "SUBDIVISION MAP OF BEAU COAST PHASE 2B AND EASEMENT MAP OF LOTS 206 & 292 BEAU COAST PHASE 2A PROPERTY OF BLUE TREASURE LLC" prepared by WithersRavenel dated July 15, 2020 and recorded in Map Book 34, page 043, Carteret County Registry.



Town of Beaufort, NC
701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516
252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

**Board of Commissioners
Regular Meeting
6:00 PM Monday, January 8, 2024**

AGENDA CATEGORY: New Business
SUBJECT: Final Plat – Beaufort Coast West Amenity Center & Five Residential Lots

BRIEF SUMMARY:

The applicant wishes to subdivide a a 6.203-acre tract into five Single-Family Residential Lots and the Amenity Center. In addition to Planning Staff the applicants Engineer will also be available to answer questions.

The applicant has chosen to request to bond the infrastructure improvement and has submitted cost estimates for the complete cost of improvements totaling **\$357,804.89** (See estimated cost of improvement sheet from engineer).

At their December 18, 2023, meeting the Planning Board unanimously recommended approval of the Final Plat.

REQUESTED ACTION:

Consider approval of the Final Plat- Beaufort Coast West Amenity Center and Five Residential Lots.

EXPECTED LENGTH OF PRESENTATION:

10 Minutes

SUBMITTED BY:

Kyle Garner, AICP
Planning & Inspections Director

BUDGET AMENDMENT REQUIRED:

N/A



STAFF REPORT



To: Planning Board Members
From: Kyle Garner, AICP, Town Planner
Date: December 18, 2023
Case No. 23-12 Final Plat -Beau Coast West Amenity Site

THE QUESTION: Subdivide a 6.203-acre tract into five Single-Family Residential Lots and the Amenity Center.

BACKGROUND: The preliminary plat for this area was approved in December 2022 for installation of infrastructure improvements.

Location: Beau Coast Subdivision
 Owners: Blue Treasure, LLC
 Requested Action: Subdivide a 6.203-acre tract into 5 Single-Family Residential Lots and the Amenity Center.
 Existing Zoning: PUD
 Size: 6.203 acres
 Amount of Open Space: 5.145 Acres
 Existing Land Use: Amenity Center & Undeveloped

SPECIAL INFORMATION: As part of the Final Plat process the infrastructure can be either installed or bonded through a financial guarantee process to ensure completion of the project. The applicant has chosen to request to bond the infrastructure improvement and has submitted cost estimates for the complete cost of improvements totaling **\$357,804.89** (See estimated cost of improvement sheet from engineer).

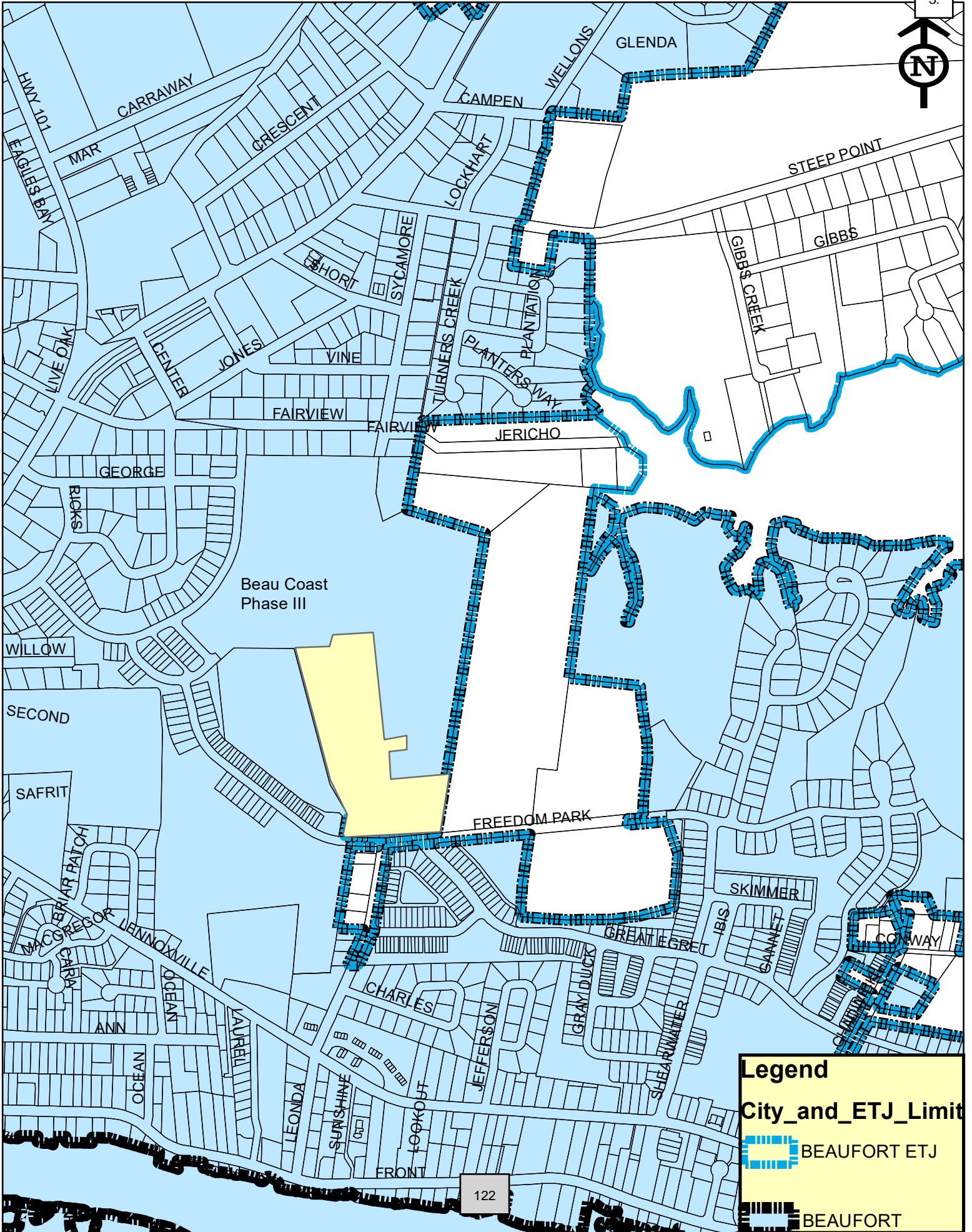
At their December 18, 2023, meeting the Planning Board unanimously recommended approval of the Final Plat.

Public Utilities:
 Water: Town Of Beaufort
 Sanitary Sewer: Town Of Beaufort

- OPTIONS:**
1. Approve the Final Plat for Beau Coast West Single-Family Lots & Amenity Site.
 2. Deny the request.

- Attachments:**
- Attachment A - Vicinity Map
 - Attachment B - Final Plat for Single-Family Lots & Amenity Site
 - Attachment C - Bond Estimates
 - Attachment D – Draft Covenants

Case #23-12 Vicinity Map - Final Plat - Beau Coast West Amenity Site



Legend

- City_and_ETJ_Limit
- BEAUFORT ETJ
- BEAUFORT

SURVEY CERTIFICATE

I, RUDOLF A. VANDERVELDE JR., P.L.S., CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN (SEE SITE DATA), THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN BOOK, PAGE (AS SHOWN HEREON); THAT THE RATIO OF PRECISION AS CALCULATED IS 1:20,000; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS XX DAY OF XXXXX A.D., 2023.

I ALSO CERTIFY TO THIS MAP TO BE ONE OF THE FOLLOWING AS CHECKED BELOW:

A. CREATES A SUBDIVISION OF LAND WITHIN THE AREA OF A COUNTY OR MUNICIPALITY THAT HAS AN ORDINANCE THAT REGULATES PARCELS OF LAND.

PRELIMINARY

RUDOLF A. VANDERVELDE JR. (PROFESSIONAL LAND SURVEYOR)
LICENSE # 5146



CERTIFICATE OF OWNERSHIP AND DEDICATION

I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON, WHICH IS LOCATED IN THE SUBDIVISION JURISDICTION OF THE TOWN OF BEAUFORT AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY FREE CONSENT, ESTABLISHED MINIMUM BUILDING SETBACK LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS, AND OTHER SITES AND EASEMENTS TO PUBLIC OR PRIVATE USE AS NOTED. FURTHERMORE, I HEREBY DEDICATE ALL SANITARY SEWER, STORM SEWER AND WATER LINES TO THE TOWN OF BEAUFORT.

BLUE TREASURE LLC
BY: _____
NAME: _____ DATE: _____
TITLE: MANAGER

CERTIFICATE OF APPROVAL BY THE PLANNING BOARD

THE BEAUFORT PLANNING BOARD HEREBY APPROVES THE FINAL PLAT FOR THE SUBDIVISION.

CHAIRMAN, BEAUFORT PLANNING BOARD _____ DATE _____

CERTIFICATE OF APPROVAL OF THE DESIGN AND INSTALLATION OF STREETS, UTILITIES, AND OTHER REQUIRED IMPROVEMENTS

I HEREBY CERTIFY THAT ALL STREETS, UTILITIES AND OTHER REQUIRED IMPROVEMENTS HAVE BEEN INSTALLED IN AN ACCEPTABLE MANNER AND ACCORDING TO THE TOWN OF BEAUFORT SPECIFICATIONS AND STANDARDS IN THE SUBDIVISION OR THAT GUARANTEES OF THE INSTALLATION OF THE REQUIRED IMPROVEMENTS IN AN AMOUNT AND MANNER SATISFACTORY TO THE TOWN OF BEAUFORT HAVE BEEN RECEIVED AND THAT FILING FEE FOR THIS PLAT, IN THE AMOUNT OF \$ _____ HAS BEEN PAID.

TOWN MANAGER _____ DATE _____

REGISTER OF DEEDS

FILED FOR REGISTRATION AT _____ O'CLOCK ON THE _____ DAY OF _____, 2023

RECORDED IN MAP BOOK _____ PAGE _____

REGISTER OF DEEDS CARTERET COUNTY _____ DATE _____

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR BEAUFORT, NORTH CAROLINA, AND THAT THIS PLAT HAS BEEN APPROVED BY THE BOARD OF COMMISSIONERS FOR RECORDING IN THE OFFICE OF THE REGISTER OF DEEDS OF CARTERET COUNTY.

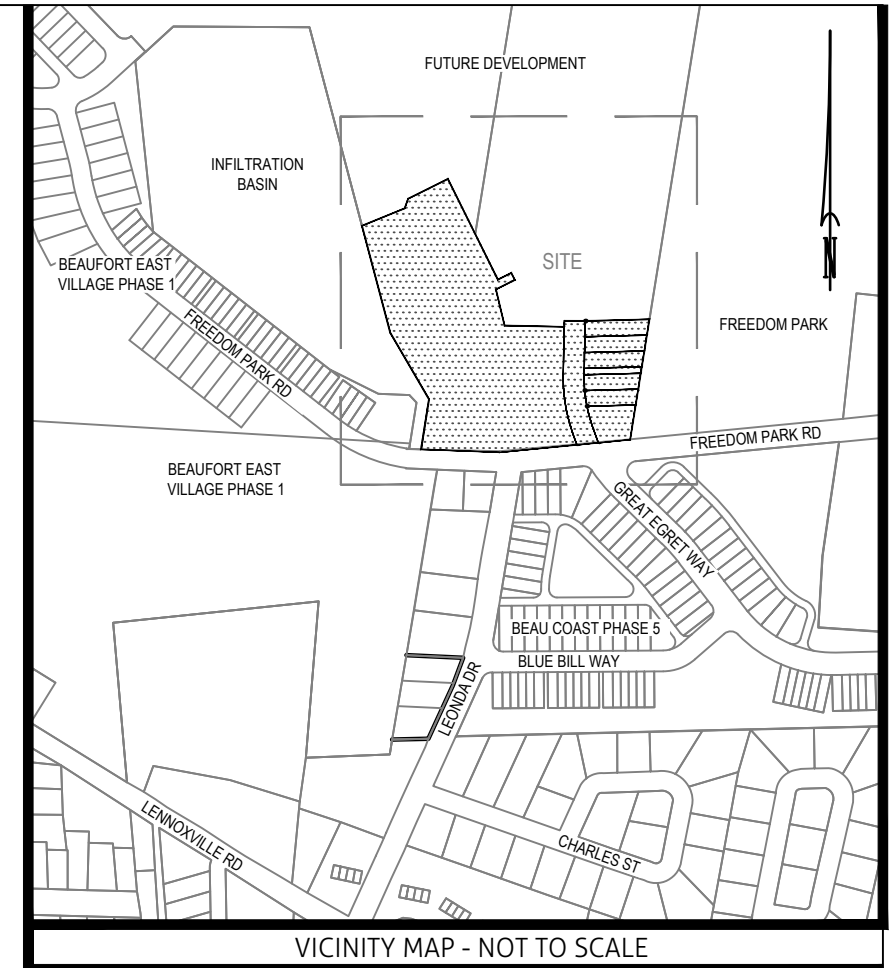
DATE _____ TOWN CLERK, BEAUFORT

REVIEW OFFICER CERTIFICATE

I, _____ REVIEW OFFICER OF CARTERET COUNTY, CERTIFY THAT THIS MAP OR PLAT TO WHICH THIS CERTIFICATION IS AFFIXED MEETS ALL STATUTORY REQUIREMENTS FOR RECORDING.

REVIEW OFFICER _____

DATE _____
NORTH CAROLINA
CARTERET COUNTY



BEAUFORT EAST VILLAGE AMENITY SITE & MODEL LOTS SITE DATA

OWNER: BLUE TREASURE LLC
MAILING ADDRESS: 105 WESTON ESTATES WAY, CARY NC 27513
DEED REFERENCE: (SEE LOT DATA)
PLAT REFERENCE:
PB 32 PG 457; PB 34 PG 326, PB 34 PG 578, PB 34 PG 433
CARTERET COUNTY PIN: (SEE LOT DATA)
TOWN OF BEAUFORT ZONING: PUD

SINGLE FAMILY LOTS (40' WIDE): 5
LOT ACREAGE: 0.673 ACRES
AVERAGE LOT SIZE: 5,863 SQ FT
DENSITY: 7.43 UNITS/ACRE
OPEN SPACE ACREAGE: 5.145 ACRES
DEDICATED PUBLIC RIGHT OF WAY: 0.385 ACRES

(TOTAL) SITE ACREAGE: 6.203 ACRES

SETBACKS

40' WIDE LOTS
20' FRONT
4' SIDE
15' REAR

LOT DATA (PRIOR TO SUBDIVISION)

REF #	OWNER	DEED REFERENCE	ACRES
REF 1	BLUE TREASURE LLC DB 1567 PG 401 (EXHIBIT A TRACT 1) (PART OF EXHIBIT B TRACT 1) PIN: 73062080201000 165 FREEDOM PARK RD ZONING: PUD 0.113 AC		
REF 2	BLUE TREASURE LLC DB 1340 PG 006 (EXHIBIT A TRACT 1) PIN: 73062080201000 ZONING: PUD 0.015 AC		
REF 3	BLUE TREASURE LLC DB 1567 PG 401 (EXHIBIT A TRACT 2) (PART OF EXHIBIT B TRACT 1) DB 1347 PG 411 (EXHIBIT B TRACT 3) PIN: 73062080203000 187 FREEDOM PARK RD ZONING: PUD 0.169 AC		
REF 4	BLUE TREASURE LLC DB 1567 PG 401 (EXHIBIT A TRACT 2) (EXHIBIT B TRACT 2) DB 1347 PG 411 (EXHIBIT B TRACT 1) PIN: 73062080330000 189 FREEDOM PARK RD ZONING: PUD 0.172 AC		
REF 5	BLUE TREASURE LLC DB 1347 PG 411 (EXHIBIT B TRACT 4) DB 1262 PG 311 (2ND TRACT) PIN: 73062080330000 189 FREEDOM PARK RD ZONING: PUD 0.174 AC		
REF 6	BLUE TREASURE LLC DB 1256 PG 198 (TRACT 2) ZONING: PUD 19.153 ACRES		
REF 7	BLUE TREASURE LLC DB 1293 PG 129 DB 1241 PG 316 PB 34 PG 326 PIN: 730620719375000 ZONING: PUD 29.911 ACRES		

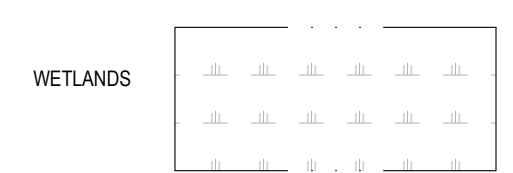
LEGEND

- AC - ACRES
- CB - CATCH BASIN
- CO - CLEAN OUT
- C&G - CURB AND GUTTER
- EOP - EDGE OF PAVEMENT
- FH - FIRE HYDRANT
- FOHH - FIBER OPTIC HANDHOLE
- IPF - IRON PIPE FOUND
- IPS - IRON PIPE SET
- LA - LANDSCAPE AREA
- LP - LIGHT POLE
- OS - OPEN SPACE
- PP - UTILITY POLE
- RW - RIGHT OF WAY
- RF - REBAR FOUND
- S - SIGN
- SQ FT - SQUARE FEET
- TPED - TELEPHONE PEDESTAL
- TVPED - CABLE TV PEDESTAL
- WM - WATER METER
- WV - WATER VALVE

LINE LEGEND

- ADJOINER/NON SURVEYED LINES
- BOUNDARY
- EASEMENT
- EXISTING RW
- OLD LOT LINE
- FENCE

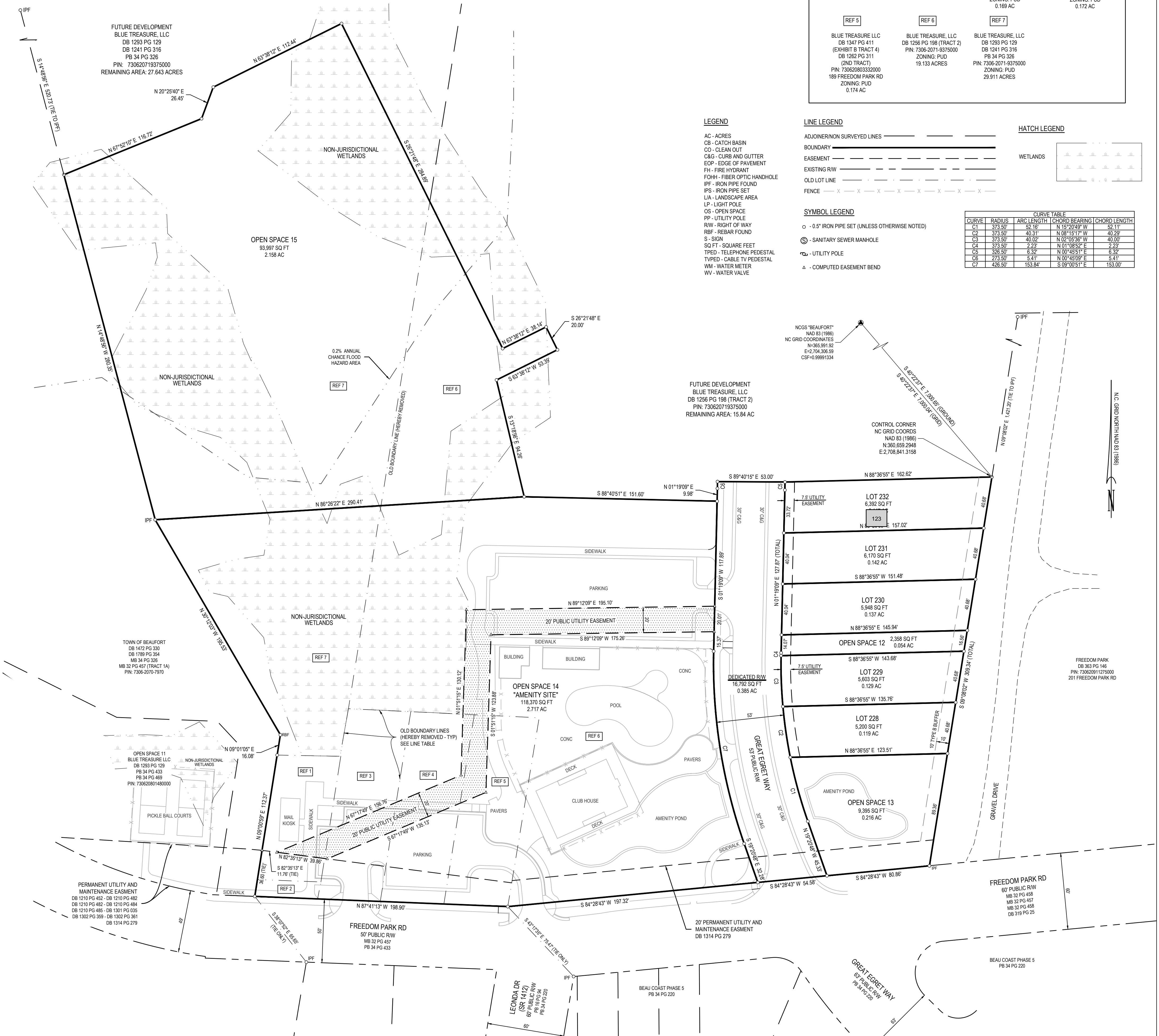
HATCH LEGEND



SYMBOL LEGEND

- - 0.5" IRON PIPE SET (UNLESS OTHERWISE NOTED)
- ⊙ - SANITARY SEWER MANHOLE
- ⊕ - UTILITY POLE
- △ - COMPUTED EASEMENT BEND

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	373.50'	52.15'	N 15° 22' 45" W	52.11'
C2	373.50'	48.31'	N 08° 15' 17" W	48.29'
C3	373.50'	48.02'	N 01° 05' 35" E	48.00'
C4	373.50'	2.22'	N 01° 38' 55" E	2.22'
C5	376.50'	6.32'	N 00° 45' 51" E	6.32'
C6	273.50'	5.41'	N 00° 45' 59" E	5.41'
C7	426.50'	153.84'	S 09° 00' 51" E	153.00'




OWNER INFO.	REVISIONS.	DATE: 10-3-2023
OWNER: BLUE TREASURE LLC		SCALE: 1" = 40'
MAILING ADDRESS: PO BOX 3557 - CARY NC, 27519		SURVEYED BY: RJ
		DRAWN BY: RAV
		CHECK & CLOSURE BY: RAV
		CAD FILE: BCW AMENITY SITE SD PLAT.dwg
		PROJECT NO: 02080976.00

SUBDIVISION PLAT OF BEAUFORT EAST VILLAGE PHASE 2&3 AND AMENITY SITE LOTS 228-233, OPEN SPACE 12-15 PROPERTY OF BLUE TREASURE LLC		
TOWNSHIP: BEAUFORT	COUNTY: CARTERET	STATE: NORTH CAROLINA
TOB ZONING: PUD	PIN: MULTIPLE - SEE LOT DATA	SHEET 1 OF 1

WithersRavenel
Engineers | Planners | Surveyors
115 McKean Drive | Cary, NC 27511 | T 919.469.3340 | license #: F-1479
www.withersravenel.com


GRAPHIC SCALE
0 20 40 60
1 inch = 40 ft.

K:\V\08-0970\080976-Beaufort East Village Ph 1\Survey\02080976.dwg - Surveyed: 10/03/2023 11:08:38 AM - VANDERVELDE, RUDY

BOND ESTIMATE		
 <p>Town of Beaufort 701 Front Street Beaufort, NC 28516 (252) 728-2141 www.beaufortnc.org</p>	PROJECT NAME:	Beaufort East Village Phases 1 & 3 (Great Egret portion Only)
	OWNER:	Blue Treasure, LLC
	ENGINEER:	Joe Boyd, PE
	ENGINEER PHONE NO.:	910-256-9277
	ENGINEER EMAIL:	jboyd@withersravenel.com
	DATE:	9/11/2023

UNLESS OTHERWISE SPECIFIED ALL BONDS ARE FOR THE BODY OF THE PLAT

SIGNATURE AND SEAL OF SUBMITTING ENGINEER



DocuSigned by:
Joseph Boyd
9/11/2023
EEA7107411AC44D...

I, Joseph Boyd, P.E. a Registered Licensed Professional, do hereby verify that I have personally supervised the measurement thereof and that the quantities expressed herein represent an accurate measurement of the work to be completed on this project. This bond estimate covers all the infrastructure improvements on the project referenced above.

Please sign below

DocuSigned by:
Joseph Boyd
EEA7107411AC44D...

STREET PAVEMENT	LINEAR FEET:	WIDTH:	UNIT COST (Dollars/SY)	TOTAL:
Final Asphalt Surface Course	4867	22	\$ 11.00	\$ 130,868.22
Initial Asphalt Surface Course	340	22	\$ 10.50	\$ 8,726.67
Asphalt Intermediate Course				\$ -
Asphalt Base Course				\$ -
Aggregate Base Course	340	22	\$ 18.00	\$ 14,960.00
Pervious Concrete Alley & Base Course	0	16	\$ 65.00	\$ -
				\$ -
			Subtotal	\$ 154,554.89

STREET INCIDENTALS	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
Street Signs	2	Each	\$ 100.00	\$ 200.00
Street Trees (40' O.C.)	234	Each	\$ 450.00	\$ 105,300.00
Street Lights	19	Each	\$ 250.00	\$ 4,750.00
Pavement Striping		LF		\$ -
				\$ -
				\$ -
			Subtotal	\$ 110,250.00

CURBING & SIDEWALK:	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
2'-6" Standard Curb		LF		\$ -
2'-6" Rolled curb	680	LF	\$ 15.00	\$ 10,200.00
4' Wide Sidewalk		LF		\$ -
5' Wide Sidewalk	680	LF	\$ 25.00	\$ 17,000.00
Driveway Aprons	92	Each	\$ 250.00	\$ 23,000.00
Handicap Ramp	24	Each	\$ 750.00	\$ 18,000.00
Multiuse Path	1240	LF	\$ 20.00	\$ 24,800.00
				\$ -
			Subtotal	\$ 93,000.00

SANITARY SEWER	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
8" PVC Gravity Sewer		LF	\$ 50.00	\$ -
8" DIP Gravity Sewer		LF	\$ 100.00	\$ -
10" PVC Gravity Sewer		LF		\$ -
10" DIP Gravity Sewer		LF		\$ -
12" PVC Gravity Sewer		LF		\$ -
12" DIP Gravity Sewer		LF		\$ -
15" PVC Gravity Sewer		LF		\$ -
15" DIP Gravity Sewer		LF		\$ -
2" PVC Force Main		LF		\$ -
4" PVC Force Main		LF		\$ -
4" DIP Force Main		LF		\$ -
6" PVC Force Main		LF		\$ -
6" DIP Force Main		LF		\$ -
8" PVC Force Main		LF		\$ -
8" DIP Force Main		LF		\$ -
4'0" Dia. Manhole		LF	\$ 3,500.00	\$ -
5'0" Dia Manhole		LF		\$ -
Service Laterals, Main to Cleanout		Each	\$ 350.00	\$ -
Pump Station		Lump Sum	\$ 500,000.00	\$ -
				\$ -
				\$ -
				\$ -
				\$ -
			Subtotal	\$ -

WATER	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
2" PVC Water Main		LF	\$ 15.00	\$ -
4" PVC Water Main		LF		\$ -
4" DIP Water Main		LF		\$ -
6" PVC Water Main		LF	\$ 20.00	\$ -
6" DIP Water Main		LF		\$ -
8" PVC Water Main		LF	\$ 25.00	\$ -
8" DIP Water Main		LF		\$ -
10" PVC Water Main		LF		\$ -
10" DIP Water Main		LF		\$ -
12" PVC Water Main		LF		\$ -
12" DIP Water Main		LF		\$ -
2" Valve (includes Curb Box)		Each	\$ 1,000.00	\$ -
4" Valve (includes Curb Box)		Each		\$ -
6" Valve (includes Curb Box)		Each	\$ 1,000.00	\$ -
8" Valve (includes Curb Box)		Each	\$ 1,000.00	\$ -
10" Valve (includes Curb Box)		Each		\$ -
12" Valve (includes Curb Box)		Each		\$ -

Fire Hydrant (includes Hydrant Leg & Valve)		Each	\$ 3,500.00	\$ -
Vaults		Each		\$ -
Manholes		Each		\$ -
Fittings		Lump Sum	\$ 1,250.00	\$ -
Service Connections (includes Tap, Service Tubing, Meter Box and Meter Setter)		Each	\$ 650.00	\$ -
Blowoff Assemblies		each	\$ 1,500.00	\$ -
				\$ -
				\$ -
				\$ -
			Subtotal	\$ -

DRAINAGE	QUANTITY:	UNIT:	UNIT COST:	TOTAL:
15" RCP		LF		\$ -
15" Dual Wall HDPE		LF		\$ -
15" Dual Wall Polypropylene		LF		\$ -
18" RCP		LF		\$ -
18" Dual Wall HDPE		LF	\$ 50.00	\$ -
18" Dual Wall Polypropylene		LF		\$ -
24" RCP		LF		\$ -
24" Dual Wall HDPE		LF	\$ 60.00	\$ -
24" Dual Wall Polypropylene		LF		\$ -
30" RCP		LF		\$ -
30" Dual Wall HDPE		LF	\$ 70.00	\$ -
30" Dual Wall Polypropylene		LF		\$ -
36" RCP		LF		\$ -
36" Dual Wall HDPE		LF	\$ 80.00	\$ -
36" Dual Wall Polypropylene		LF		\$ -
42" RCP		LF		\$ -
42" Dual Wall HDPE		LF	\$ 100.00	\$ -
42" Dual Wall Polypropylene		LF		\$ -
48" RCP		LF		\$ -
48" Dual Wall HDPE		LF		\$ -
48" Dual Wall Polypropylene		LF	\$ 125.00	\$ -
15" FES		Each		\$ -
18" FES		Each	\$ 2,500.00	\$ -
24" FES		Each	\$ 3,000.00	\$ -
30" FES		Each	\$ 3,500.00	\$ -
36" FES		Each	\$ 4,000.00	\$ -
42" FES		Each	\$ 5,000.00	\$ -
48" FES		Each	\$ 5,000.00	\$ -
Curb Inlet		Each	\$ 2,500.00	\$ -
Yard Inlet		Each	\$ 2,000.00	\$ -
Manhole (0'-6' Deep)		Each	\$ 2,500.00	\$ -
				\$ -
				\$ -
				\$ -
				\$ -
			Subtotal	\$ -

TOTAL ESTIMATE => \$357,804.89

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BEAU COAST WEST**

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

Prepared by and return to:

**David E. Miller, III, Esq.
Longleaf Law Partners
4509 Creedmoor Road, Suite 302
Raleigh, NC 27612**

STATE OF NORTH CAROLINA
COUNTY OF CARTERET

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BEAU COAST WEST

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAU COAST WEST (the “**Declaration**”) is made as of this _____ day of _____, 2022, by Blue Treasure LLC, a North Carolina limited liability company (hereinafter referred to as “**Declarant**”).

RECITALS:

WHEREAS, Declarant is the owner of certain tract or parcel of land located in the Town of Beaufort, Carteret County, North Carolina, which property is described on **Exhibit A-1** attached hereto (the “**Property**”);

AND WHEREAS, the Property is hereby established as a planned community and master residential subdivision community known as “Beau Coast West” (which also is referred to herein as the “**Community**” or the “**Subdivision**”) under the Legal Requirements of applicable governmental entities, and which may include, but shall not be required by this Declaration to include, any one or more of the following: residential dwellings; public or private streets; utility easements; stormwater drainage systems and facilities; buffers; greenways; open space; recreational facilities and amenities; and other uses consistent with the zoning of the Properties and the Governmental Authority approvals for the Subdivision;

AND WHEREAS, the Community will contain certain Common Areas that are shared Community-wide by all throughout the Community;

AND WHEREAS, as hereinafter provided in this Declaration, Declarant has retained and reserved the right, privilege and option to annex Additional Property or to withdraw Property (as the case may be) to/from the encumbrance of this Declaration, from time to time or at any time, as herein provided;

AND WHEREAS, Declarant desires, among other things, to establish a general plan of development for the Subdivision, to provide for the maintenance and upkeep of the Lots, Dwellings, and Common Elements within the Subdivision, to provide for enforcement of the Declaration and other covenants and restrictions, if any, applicable to the Subdivision, to protect the value and desirability of the Properties, and, to that end, desires to subject the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Subdivision and each owner of any part or all thereof;

AND WHEREAS, in furtherance of the foregoing, Declarant has incorporated or will incorporate under the nonprofit corporation laws of the State of the Association (as defined below) to own and/or maintain and/or administer Common Elements, to administer and enforce this Declaration and other covenants, restrictions, and agreements applicable to the Subdivision, and to collect and disburse the assessments and charges provided for herein;

AND WHEREAS, it is intended that every Owner of any of the Lots (as defined below) automatically, and by reason of such ownership and this Declaration, become a Member of the Association and be subject to its rules and regulations and the assessments and charges made by the Association as provided herein.

NOW, THEREFORE, Declarant hereby declares that all of the Property, together with all Additional Property, if any, subjected to the Declaration pursuant to Article II hereof and less any real property withdrawn from this Declaration, all of which together is referred to as the “**Properties**”, shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of these lands and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with the title to the Properties and which shall be binding on all parties having any right, title or interest in the Properties or any portion of them, all in accordance with the North Carolina Planned Community Act, as set forth in Chapter 47F of the North Carolina General Statutes, as the same may be amended by from to time. This instrument also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone who purchases or takes any interest in real property within the lands subject to this Declaration.

ARTICLE I

DEFINITIONS

The following words and terms, when used in the Declaration (including the Recitals) or any amendment hereto, or in any Supplemental Declaration, unless amended or unless the context clearly indicates otherwise, are defined as follows and are subject to the provisions contained in such definitions (when these and other defined words or terms herein have an initial capital letter or letters, however, it is not required that their use in the Declaration have initial capital letters in order to have the defined meaning). Terms and words used herein without definition shall have the meanings, if any, specified therefor in the “Definitions” section of the Act or, if not defined in the Act, in the “Definitions” section of the Nonprofit Corporation Act, or if not defined in either the Act or Nonprofit Corporation Act, any applicable definitions section of the Code, and, in the event of any conflict between the definitions contained herein and the definitions contained in the Act, the Nonprofit Corporation Act or the Code, the Act or Nonprofit Corporation Act or Code, in that order and as appropriate, shall control. It should be noted that one or more definitions contain provisions in addition to the defined word or terms, and such additional provisions are part of the Declaration in the same manner and to the same extent as if they had been set out in an Article or Section of the Declaration other than this Article I.

(a) “Act” shall mean the North Carolina Planned Community Act, currently codified in Chapter 47F of the North Carolina General Statutes, as it exists from time to time, including all amendments, supplements and replacements thereof.

(b) “Additional Property” shall mean any and all real property described on **Exhibit A-2** attached hereto and incorporated herein by this reference, provided the Additional Property shall not be part of the Property subject to this Declaration until it has been annexed (or subjected) to this Declaration in the manner required by this Declaration.

(c) “Annexation Declaration” shall mean a document, by whatever name denominated, that is recorded for the purposes of annexing Additional Property to this Declaration and causing such Additional Property to be subject to the scheme of covenants, charges, conditions and restrictions contained in this Declaration and including any additional covenants, charges, conditions and restrictions contained in the Annexation Declaration.

(d) “Annual Assessment” shall have the meaning specified in Article VI of this Declaration and shall constitute the assessments which, pursuant to the provisions of such Article, shall be levied by

the Association against all Lots each year for the purpose of raising the funds necessary to pay the Common Expenses (it being clear and express that the Annual Assessments may vary from Lot to Lot based on Dwelling type).

(e) “Architectural Control Committee” or “ACC” shall mean those individuals appointed to have jurisdiction over construction on or within any portion of the Property and responsibility for administration of design guidelines, as more fully described in Article VII of this Declaration.

(f) “Architectural Guidelines” shall mean the guidelines and standards from time to time adopted and in effect with respect to Dwellings and other improvements in the Property.

(g) “Articles of Incorporation” shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

(h) “Association” shall mean Beau Coast West Homeowners Association, Inc., a North Carolina nonprofit corporation.

(i) “Board of Directors” (or “Board”) shall mean the body responsible for the administration of the Association, as provided in the Bylaws.

(j) “Builder” is defined as a Person, other than the Declarant, which constructs residential dwellings for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Property for the purpose of constructing thereon one or more residential dwellings for resale to other Persons. “Builders” refers to all such persons or entities collectively.

(k) “Bylaws” shall mean the Bylaws of the Association, as the same may be amended from time to time.

(l) “City” or “Town” shall mean the Town of Beaufort, Carteret County, North Carolina.

(m) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor federal revenue law.

(n) “Common Area” (or “Common Property” or “Common Elements”, the terms Common Area and Common Elements and Common Property being used interchangeably herein, whether referring to Common Area or Limited Common Area) shall mean, singularly or collectively, as applicable, all real property (including all improvements and private streets, drives, lanes and alleyways thereon except for any such improvements owned or maintained by another Person, such as a Governmental Entity or a Person who provides utility services to any part or all of the Property) and personal property, including easements, which Declarant owns (prior to turnover to the Association) or which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including any additional areas, if any, which by the terms of the Governing Documents, or by any Legal Requirement, or any Plat, or by contract or agreement with any other Person, become the responsibility of the Association. The term Common Area shall include the Limited Common Area, as defined below, provided, however, that unless a Common Area is expressly identified herein or on any Plat as a Limited Common Area, then it shall simply be the broader Common Area.

(o) “Common Expenses” shall mean and include all of the expenses incurred by the Association in maintaining the Common Area, including reserves for future expenses, and in paying for all of its other obligations and liabilities under the Act, Legal Requirements, and the Governing Documents, whether or not the particular Common Expense is specifically described herein. Common

Expenses also include all expenses for which the Association is liable under any contract or agreement entered into by the Association or by the Declarant on behalf of the Association as allowed herein. Expenses related to Limited Common Areas are part of and are a subcategory of Common Expenses.

(p) “Community Wide Standards” shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard shall initially be established by the Declarant and may be more specifically determined by the Board of Directors or the Architectural Control Committee. The Community Wide Standards may change at any time and from time to time as development of the Property progresses and/or as the needs and desires change within the Property. During the Development Period, the Declarant has the right to establish all of the Community Wide Standards, including amending any Community Wide Standards established by the Board of Directors or Architectural Control Committee.

(q) “Deck” shall mean the deck, if any, that is constructed as part of the original construction of each Improved Lot.

(r) “Declarant” shall mean Blue Treasure LLC, a North Carolina limited liability company, and shall include any successor or assign who shall acquire any portion of the Property for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant; provided, however, that there shall be only one “Declarant” hereunder at any one time.

(s) “Declaration” shall mean this Declaration of Covenants, Restrictions and Easements, as the same may be hereafter amended in accordance with the terms hereof.

(t) “Development Period” shall mean the period of time from the date of recording of this Declaration through and including 5:00 p m on the last of the following dates to occur.

(i) the last day on which Declarant owns any portion of the Property; or

(ii) the last day on which Declarant has the unilateral right to subject Additional Property to this Declaration pursuant to Article II; or

(iii) the date that is five (5) years after the date of recording of the most recent Annexation Declaration subjecting Additional Property to the Declaration; or

(iv) the date of release of the last bond (or letter of credit or other, similar financial guarantee) posted by Declarant with the City in connection with development of the Property or any portion thereof; or

(v) the date on which a certificate of occupancy is issued for initial construction of a Dwelling on the last Lot in the Properties remaining after certificates of occupancy have been issued for Dwellings on all other Lots in the Properties and the last Improved Lot has been transferred to a Person other than a Builder. For example, if there are 500 total Lots in the Properties, this is the date on which a certificate of occupancy is issued for the initial Dwelling on the 500th Lot and all 500 Improved Lots have been transferred to Persons other than Builders; or

(vi) 5:00 p m on December 31, 2052.

Notwithstanding the foregoing, if Declarant is delayed in the development of any part or all of the Property as a result of a sanitary sewer, water or building permit moratorium, or as the result of some other cause or event beyond Declarant's control, then the foregoing applicable time period shall be extended by the amount of time of the delay. Provided, however, Declarant may terminate the Development Period at any time by recording a termination instrument in the Registry. Except in the case of voluntary termination by the Declarant, the Development Period also shall include any periods of time after the applicable termination event during which Declarant is conducting any activity within the Property that is required by Legal Requirements or for Declarant to fulfill any obligation to a Governmental Entity, the Association, or any Owner with respect to any portion of the Property. In the event of an assignment of Declarant rights, with respect to the rights assigned the Development Period shall remain in full force and effect through the applicable periods of time as they relate to the assignee rather than the original Declarant hereunder. Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Development Period ends.

(u) "Development Plan" shall mean the most current land use or development plan approved by the applicable Governmental Entity for the Property or any part thereof, whether the approval is preliminary or final, and regardless of any name other than Development Plan under which it is approved by the Governmental Entity (for example, site plan, subdivision plan, cluster unit development plan, or master plan for a planned unit development). For avoidance of doubt, Development Plan shall include any plan(s) that may be entitled "Beaufort East Village." Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots and Common Area. The fact that real property is included on the Development Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan.

(v) "Dwelling" is defined as any building or portion thereof within the Properties which is used or occupied, or intended for use or occupancy, as a residence by an individual or by one housekeeping unit, whether by the Owner thereof or by tenants or sub-tenants of the Owner.

(w) "Exempt Property" means all portions of the Property included within any of the following categories:

(i) Common Area (provided, however, a Lot on which Common Area is located -- for example, a Lot on which there is an easement constituting Common Area -- is not exempt from assessments); and

(ii) property owned by, or dedicated to and accepted by, the City or a utility, including property within the right-of-way of publicly-dedicated streets and roads, unless such property is a Lot that has a Dwelling thereon (and provided, that a Lot is not exempt from assessments because it has an easement located on it that has been dedicated to the City or a public utility).

Exempt Property shall not be subject to the assessments provided for herein, and the Owner of such Exempt Property shall have no membership or voting rights in the Association associated with the ownership of such Exempt Property. Furthermore, unless and until such time, if any, as it loses its Exempt status, except as otherwise provided herein all Exempt Property owned by or subject to an easement in favor of the City or a utility provider, and all Exempt Property within publicly-dedicated street rights-of-way, is exempt from all of the provisions of the Declaration, except for the provisions of the Declaration with respect to any easements over such Exempt Property reserved in the Declaration by or for the Declarant, the Association, the City or any other Person, and except for provisions of the Declaration requiring Approved Plans for Dwellings and associated improvements.

Exempt Property that loses its status as Exempt Property (e.g., property within a publicly dedicated street right-of-way that has been closed as a public street, property formerly owned by/dedicated to the City which has been conveyed to a Person whose status does not qualify for the exemption) shall be reclassified to another type of property under this Declaration, as appropriate, and shall be subject to all of the terms and provisions of the Declaration in the same manner and to the same extent as other portions of the Property having the same classification. All issues with respect to reclassification of Exempt Property shall be resolved by the Declarant, during the Development Period, and thereafter by the Board.

(x) "Fiscal Year" shall mean the calendar year until such time as the Board, by appropriate resolution, establishes a different Fiscal Year for the Association.

(y) "First Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt of first priority.

(z) "Governing Documents" shall mean and include all of the following: this Declaration; the Articles and Bylaws of the Association; architectural guidelines and bulletins and rules and regulations of the Association; resolutions adopted by the Board; conditions of approval for development of any part or all of the property required by any Governmental Entity; Annexation Declarations; Supplemental Declarations; other declarations of restrictive or protective covenants applicable to the Property; all as the same may be amended, restated or supplemented from time to time. Any approvals granted by the Declarant under the Governing Documents shall be binding upon all successors to Declarant's approval authority.

(aa) "Governmental Authority" or "Governmental Entity" shall mean and include any and all of the following that are applicable to the particular matter or matters addressed in the Governing Documents: the Town of Beaufort, North Carolina; the County of Carteret, North Carolina; the State of North Carolina; the United States of America; and all other governmental entities and quasi-governmental entities that have jurisdiction over the Property or any part thereof, including all applicable departments and agencies of any of them.

(bb) "Improved Lot" shall mean a Lot (i) upon which there is located a Dwelling for which a certificate of occupancy has been issued by the applicable governmental authority, and (ii) which is owned by Person who is not the Declarant or a Builder.

(cc) "Improvement" shall mean any improvement of or on any Lot or other applicable portion of the Property, including any or all of the following: Dwellings and other buildings and structures (specifically including exterior materials, colors, size, location and architectural style); decks; patios; car port; porches; driveways; playhouse; motor vehicle and other parking areas; exterior storage areas; exterior recreational areas, equipment and facilities; mail kiosks; exterior antennae, dishes and other apparatus to receive or transmit radio, television, or microwave or other signals; fences; exterior walls; hedges; other landscaping (including planted areas, grassed areas, natural areas and the plant and other materials therein); poles; flags; exterior decorative features and items; ponds; lakes; staking, clearing, grading, filling, change in grade or slope, and other site preparation; swimming pools; coverings for windows and other glass portions of a Dwelling or other building or structure (for example, curtains, blinds, and shutters), which coverings are visible from anywhere off of the Lot or other applicable portion of the Property; exterior lights and signs; lights and signs visible inside a Dwelling or other building or structure from anywhere off of the Lot or other applicable portion of the Property; and all other items used or maintained on a Lot or other applicable portion of the Property outside of a Dwelling or building or other structure located thereon or on the exterior surfaces of a Dwelling or other building or structure on the Lot or other applicable portion of the Property. The definition of improvements stated for the purposes of this definition includes both initial improvements and all subsequent alterations, changes and additions to

same. The term “initial improvements” is defined as all of the improvements constructed or placed or located on a Lot or other applicable portion of the Property, or approved for construction, placement, or location on a Lot or other applicable portion of the Property, in accordance with either Approved Plans or Architectural Guidelines existing at the time of issuance of a certificate of occupancy for the Dwelling on such Lot or other applicable portion of the Property. The examples of improvements stated for the purposes of this definition are not inclusive of all types of improvements and do not imply that all improvements listed as examples will be allowed in the Properties, and all improvements are subject to the architectural approval provisions of the Declaration. For the purposes of this definition, the word “exterior” means located on a Lot or other applicable portion of the Property outside of the Dwelling or other building or structure thereon, as well as attached to the outside of (such as on a wall or roof) a Dwelling, building, or other structure on a Lot or other applicable portion of the Property.

(dd) “Legal Requirement” shall mean and include any duly adopted and applicable law, ordinance, regulation or requirement, including the Act, the Nonprofit Corporation Act, and the Code, of any Governmental Entity or quasi-governmental entity or agency having jurisdiction over the Properties or any portion thereof, including any branch, department, division, section, branch, agency, or other subdivision of any of the foregoing Governmental Authorities or quasi-governmental authorities or agencies. Legal Requirements apply to the exercise of all rights or the taking of all actions under this Declaration by Declarant, the Association, or any other Person, whether or not this Declaration states that a specific right or action is subject to Legal Requirements or must be exercised or taken in accordance with Legal Requirements.

(ee) “Limited Common Area” shall mean, singularly or collectively, as applicable, all real and personal property, including easements, private streets and private alleys, which the Association owns, leases, or otherwise holds possessory or use rights in for the exclusive or primary and common use and enjoyment of one or more, but less than all, of the Lots in the Property, and which are designated as such by the Declarant herein, or by Declarant during the Development Period (even if originally designated as Common Area), or by the Association at any time during the Development Period, and/or including portions of the Property shown as Limited Common Area on any Plats of the Property.

(ff) “Lot” (or “Unit”) shall mean each portion of the Property shown on any of the Plats which may be independently owned and conveyed, and which is intended for development, use, and occupancy, or actually is used or occupied, as an attached or detached residence for a single family. In the case of a Townhome Building containing multiple Townhome Dwellings, each individual Townhome Dwelling shall be deemed to be on a separate Lot.

(gg) “Maintain”, “maintenance”, “maintaining”, or any similar term used herein shall mean and include any one or more of the following, as the context requires or allows: acquisition, purchase, construction, re-construction, installation, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation.

(hh) “Member” shall mean a Person subject to membership in the Association pursuant to Article V hereof.

(ii) “Mortgagee” shall mean the beneficiary or payee under any mortgage or deed of trust, and the term mortgage and deed of trust are deemed to refer to both mortgages and deeds of trust.

(jj) “Owner” shall mean any Person who is a record owner by purchase, transfer, assignment or foreclosure of a fee or undivided fee interest in a Lot; provided, however, that any Person who holds such interest merely as security for the performance of an obligation or as a tenant shall not be an Owner.

(kk) “Patio Area” shall mean the poured concrete (or other material approved by Declarant) area extending from the rear of a home as part of the original construction of an Improved Lot.

(ll) “Person” shall mean a natural person, corporation, trust, limited liability company, partnership or any other legal entity.

(mm) “Plans” shall mean the complete plans and specifications for a proposed improvement showing (where applicable) the size, shape, dimensions, materials, exterior finishes and colors, location on the applicable portion of the Property, driveway, parking areas, provisions for handling stormwater, landscaping, floor plans and elevations, and other items, all as specified from time to time in any applicable Architectural Guidelines or required by the Reviewer. “Approved Plans” shall mean Plans that have been approved by the Reviewer.

(nn) “Plats” shall mean all plats for any portion of the Property recorded in the Registry, including any amendments to such Plats recorded in the Registry.

(oo) “Porch” shall mean the front porch that is constructed as part of the original construction of any Improved Lot.

(pp) “Property” or “Properties” shall mean all real property subject to this Declaration, including any Additional Property, as applicable. The Property initially subject to this Declaration is described on Exhibit A-1.

(qq) “Recreational Amenities” or “Recreational Amenity” shall mean, singularly or collectively, as applicable, all Common Areas, equipment and facilities, which Declarant owns (prior to turnover to the Association) or which is leased or possessed or owned by the Association, for the use and benefit of the Members for recreational purposes, whether active or passive recreation, or, if part of Limited Common Area, then solely for the use and benefit of the Members (and their guests, tenants and invitees) benefited by the Limited Common Area. Recreational Amenities may also include any or all of the following: swimming pools, clubhouses, mail kiosks, kayak pavilions, kayak lake bulkheads, and/or such other facilities and appurtenances incidental to use of the Recreational Amenities; provided that the provision store (which may be located within the Property but is not operated by the Association and is for the use of the Community and public at large) shall not be a Recreational Amenity or Common Area unless otherwise determined by Declarant in its sole discretion.

(rr) “Registry” shall mean the office of the Register of Deeds (or any successor office under applicable law) for the North Carolina County or Counties in which deeds, plats, easements, mortgages and deeds of trust for the Property are recorded. All references herein to recording or to any requirement to record a document or plat refer to recording in the Registry of the County or Counties in which the applicable portion of the Property is situated.

(ss) “Reviewer” shall mean the Declarant, Board, Architectural Control Committee, or other Person who has the authority to review and approve Plans under the architectural control provisions of this Declaration.

(tt) “Rules and Regulations” is defined as rules, regulations, requirements, prohibitions, and/or conditions with respect to any one or more of the following that are adopted by the Declarant or

the Association and are in effect from time: (i) use of the Property or any part thereof, including the Common Elements, or (ii) the conduct of Persons while in or on the Property or any part thereof, including the Common Area, or (iii) implementation and enforcement of the Governing Documents, or (iv) any other matters that the Declarant or Board, as applicable, determines to adopt as part of the Association’s Rules and Regulations.

The Board may adopt, amend, modify, and enforce Rules and Regulations for the use and operation of the Common Area (including the Limited Common Area) and/or for the implementation and enforcement of the Governing Documents without having to comply with the procedures specified herein for adoption, amending, modifying, and enforcing other Rules and Regulations. Such Rules and Regulations with respect to use and operation of the Common Area and/or implementation and enforcement of the Governing Documents also may be referred to herein as “Board Policies”.

(uu) “Special Declarant Rights” or “Declarant Rights” is defined as all rights granted to, or reserved by, or established for the benefit of, Declarant, in the Act or in this Declaration or in other Governing Documents, whether or not such rights are referred to as Special Declarant Rights or Declarant Rights in the Act, this Declaration, or other Governing Documents. Declarant may assign Special Declarant Rights, in whole or in part, temporarily or permanently, subject to such terms and conditions as Declarant specifies in the assignment document. Unless this Declaration or other Governing Documents specify that Special Declarant Rights may be exercised by any Person other than the Declarant or that they become rights exercisable in whole or in part by the Association at any time, or as otherwise provided in Legal Requirements, any assignment of Special Declarant Rights must be in writing and recorded in the Registry, executed by the assignee, and the assignment becomes effective only upon the recording of the document in the Registry or any later date specified therein. Special Declarant Rights shall be construed broadly so as to allow Declarant the greatest flexibility in development and sale of the Properties.

(vv) “State” shall mean the State of North Carolina.

(ww) “Stoop” shall mean the front stoop, if any, that is constructed as part of the original construction of each Improved Lot.

(xx) “Stormwater Agreement” is defined as any agreement recorded in the Registry among the Declarant, the Association, and a Governmental Entity, or between the Declarant and a Governmental Entity, or between the Association and a Governmental Entity, relating to Stormwater Control Measures for the Property or any part thereof, and includes all amendments and supplements to such agreements.

(yy) “Stormwater Control Measures” or “Stormwater Control Facilities”, such terms being used interchangeably herein and in the Stormwater Agreement, is defined as one or more of the following devices and measures, together with associated private stormwater drainage easements (however identified on a plat or in a document) that serves any part or all of the Property: conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wetponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bioretention areas, retention or detention ponds, and other devices, facilities, appurtenances and measures, necessary to collect, convey, store, and control stormwater runoff and pollutants for more than one (1) Lot in the Property, and which are located outside public street rights-of-way and public drainage easements. Private stormwater drainage easements that serve more than one (1) Lot in the Properties, however identified on a Plat or in a document recorded in the Registry, are deemed to be dedicated to the Association for the benefit of the Property or applicable portion thereof. All Stormwater Control Measures owned by or dedicated to the Association are Common Area or Limited Common Area, as applicable.

(zz) "Subdivision Plan" shall mean the most current land use or development plan or plans approved by the City for the Property (it being recognized that there may be two or more development plans approved by the City that together constitute the Subdivision Plan under this definition), whether the approval is preliminary or final, and regardless of any name other than Subdivision Plan under which it approved by the City (for example, site plan, cluster unit development plan, or master plan for a planned unit development), all as the same may be revised at any time or from time to time; it being express that the Property need not be developed in accordance with any one version of the Subdivision Plan. Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Subdivision Plan in whole or in part, including the addition or deletion of property and including the reconfiguration of Lots and Common Area. The fact that property is included on the Subdivision Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any Additional Property that is not included on any Subdivision Plan.

(aaa) "Supplemental Declaration" shall mean an instrument recorded in the Registry which designates and/or imposes restrictions and/or obligations on the land described in such instrument in addition to or different from (when this Declaration allows) those imposed by this Declaration. An "Annexation Declaration" also may be a Supplemental Declaration and a Supplemental Declaration also may be an Annexation Declaration.

(bbb) "Townhome" or "Townhome Dwelling" means an individual Dwelling that is attached by Party Walls to one or more other Dwellings.

(ccc) "Townhome Building" means an Improvement consisting of two or more Townhomes notwithstanding that each Townhome therein is located on a separate Lot.

(ddd) "Townhome Services" means those goods, services, items or benefits provided by the Association for the benefit of the Townhomes and Owners thereof pursuant to this Declaration and any Supplemental Declaration.

**ARTICLE II
PROPERTY SUBMITTED TO THIS DECLARATION; ANNEXATION; WITHDRAWAL**

Section 1. Property Hereby Subjected to this Declaration. The Declarant, for itself and its respective successors and assigns, hereby submits the real property described on Exhibit A-1 to this Declaration, and such real property constitutes the "Property" initially subjected to this Declaration. The Property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration, including, but not limited to, the lien provisions set forth herein. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

Section 2. Annexation of Additional Property. The Declarant may, at any time and from time to time during the Development Period, in its sole discretion annex all or part of the Additional Property to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration by executing and recording in the Registry an Annexation Declaration describing the portion of the Additional Property being annexed. Declarant further has the right to convey to the Association additional Common Areas contained within such Additional Property, the maintenance of which may increase the Annual Assessment as provided elsewhere herein and may increase the amount of Annual Assessment which shall be levied against each Lot.

From and after such recording, the annexed Additional Property shall be part of the Property and shall be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration, and all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration shall be a permanent charge on, and shall run with, such Additional Property.

No approval, consent or joinder from any Member of the Association, or from any other party whatsoever, shall be required for the Declarant to subject Additional Property to this Declaration.

Section 3. Withdrawal of Property. The Declarant may, in its sole discretion at any time and from time to time during the Development Period withdraw any portion of the Property from the coverage of this Declaration, regardless of the fact that such actions may affect the relative voting strength of any Member or class of membership in the Association or increase or reduce the number of Owners subject to assessment under this Declaration, by recording a Supplemental Declaration describing the portion of the Property being withdrawn; provided, however, if the property is part of the Common Areas and is owned or leased by the Association, the written consent of the Association shall be required to effect such withdrawal. From and after such recording, the withdrawn portion of the Property no longer shall be part of the Property and may be held, transferred, sold, conveyed, used, given, leased, occupied, mortgaged or otherwise encumbered free and clear of any and all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration, including, without limitation, all lien and assessment provisions set forth in this Declaration.

Section 4. Order of Development and Annexation. Declarant contemplates that it may develop any portion of the Property it owns in accordance with a Development Plan, as modified from time to time; provided, however, but subject to Legal Requirements that provide otherwise, no Development Plan shall obligate the Declarant to develop any particular portion of the Property now or in the future, whether for the purposes shown thereon or for any other purpose, the Declarant shall not be required to follow any particular sequence or order of development of the Property, and the Declarant may annex or consent to annex Additional Property to the Declaration, and/or withdraw portions of the Property from the Declaration, before completing development of all of the Property previously subjected to the Declaration.

Section 5. All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every Owner, by taking record title to a Lot, agrees to accept title to such Lot, and to be bound by, all of the terms and provisions of this Declaration. Each Lot is subject to all burdens, and enjoys all benefits, made applicable hereunder.

**ARTICLE III
ASSOCIATION PROPERTY**

Section 1. Common Areas. The Declarant shall have the right to transfer and convey to the Association any portion of the Property, and the Association shall accept all such transfers and conveyances from the Declarant. All portions of the Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas or Limited Common Areas, as the case may be. Said right may be exercised by the Declarant any time, and from time to time, prior to the end of the Development Period.

Common Areas shall be conveyed to the Association by special warranty deed free of debt encumbrance, and subject to this Declaration and all applicable rights of way and easements, including the rights and easements set forth in this Article and shown on Plats, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements. Upon Declarant's written request

at any time during the Development Period, the Association shall reconvey to Declarant any unimproved portions of the Common Area which Declarant originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines or as part of the Development Plan.

Section 2. Member's Rights in Common Area. Except in the case of Common Areas designated as Limited Common Areas, each Owner shall have a non-exclusive right and easement of enjoyment and use in and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot owned by such Owner. Where Common Areas are designated as Limited Common Areas, except as otherwise provided herein, the Owners of Lots benefited by said Limited Common Areas shall have the exclusive right and easement of enjoyment and use in and to said Limited Common Areas. The right and easement of enjoyment and use of the Common Areas and Limited Common Areas are and shall be subject to the easements which are described in this Article and to the following:

(a) The Governing Documents and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Association;

(c) The Board's right to:

(i) adopt rules regulating use and enjoyment of the Common Area, including Recreational Amenities, and including rules limiting the number of guests who may use the Common Area;

(ii) suspend an Owner's right to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent; and (ii) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing as required by the Governing Documents or the Act. Provided, however, and notwithstanding anything to the contrary appearing in any Governing Documents, (i) if ingress and egress from a public street to and from any Lot is over any part of the Common Area as shown on any Plat or described in any instrument recorded in the Registry, or (ii) Stormwater Control Facilities, stormwater drainage, sanitary sewer, water or other utility services are provided to a Lot over or through an easement located on the Common Area as shown on any Plat or described in any instrument recorded in the Registry, any conveyance or encumbrance of the affected portion of the Common Area shall be subject to those easements for ingress and egress and/or utilities, and no suspension of the rights of the Owner of said Lot in and to the use and enjoyment of the Common Area as allowed herein shall include suspension of any such rights of such Owner to ingress and egress or utilities;

(iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act;

(iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any Recreational Amenity situated upon the Common Area;

(v) permit use of any Recreational Amenity by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Common Area as open for the use and enjoyment of the public; and

(vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to such approval requirements as may be set forth in the Governing Documents and/or the Act.

(d) The rights of certain Owners to the exclusive or primary use of those portions of the Common Area designated "Limited Common Areas" as described herein.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

The Board of Directors may permit other persons who are not residents of any Lots to use the Common Areas upon such terms and conditions, and for the payment of such fees, as shall be determined by the Board of Directors.

Section 3. No Partition. The Common Areas shall remain undivided, and no Owner shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the Property and without the written consent of all holders of all mortgages encumbering any portion of the Property.

Section 4. Condemnation. For the purposes of this Section, “condemnation” or “taking” or “taken” means an acquisition of all or any part of the affected portion of the Properties or of any interest therein or right accruing thereto as a result of, in lieu of, or in anticipation of, the exercise of the right of condemnation or eminent domain, or any other action by a Governmental Authority or other Person having the power of eminent domain that affects the value of the applicable portion of the Properties or any part thereof so severely as to amount to a taking. In the event that any part of the Common Areas shall be taken by any authority having the power of condemnation or eminent domain or conveyed in lieu of, and under threat of, condemnation by the Board acting on the written direction of at least 67% of the Class A votes and, during the Development Period, the written consent of Declarant, the Association shall restore or replace the improvements on the remaining land included in the Common Areas to the extent available unless, within sixty (60) days after such taking at least 67% of the Class A votes and Declarant (if during the Development Period) otherwise agree. The provisions of subsection 6 of this Article III below regarding funds for the repair of damage or destruction shall apply. If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds may be used by the Association for such purposes as the Board shall determine.

Section 5. Insurance on Common Areas. The Association shall maintain and keep in good repair the Common Areas. Additionally, the Association shall obtain the insurance coverage necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U S Department of Housing and Urban Development, as applicable to the Common Areas. The Board shall obtain casualty insurance for all insurable improvements located on the Common Areas, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction of any insurable improvement in the event of damage or destruction from any such hazard. The Board of Directors shall obtain a public liability policy with a combined single Limit of at least One Million and No/100 Dollars (\$1,000,000.00) applicable to the Common Areas covering the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by

the Board of Directors. In addition, the Board of Directors shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on all persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall at least equal three months' total assessments plus reserves on hand. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation. All such insurance coverage shall be written in the name of the Association. An insurer that has issued an insurance policy under this Section 5 shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, Mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Section 5 may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each Mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 6. Damage or Destruction. In the event that any improvements located on any Common Areas shall be damaged or destroyed on account of the occurrence of any casualty, the Board shall proceed with the filing and settlement of all claims arising under any policy of insurance maintained by the Association with respect to such improvements and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements.

Any such damage or destruction shall be repaired or reconstructed unless it shall be decided, within ninety (90) days after the occurrence of casualty, by at least 67% of the Class A votes, and by Declarant during the Development Period, not to so repair or reconstruct such damage. In the event that it shall be so decided not to repair or reconstruct some damage or destruction, the proceeds of any insurance as may become payable to the Association as a result of such damage or destruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot. If the insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Class A Members, levy Special Assessments to cover the shortfall.

Section 7. Actions Requiring Owner Approval. If the U.S. Department of Housing and Urban Development is insuring the Mortgage on any Lot or the U.S. Department of Veterans Affairs is guaranteeing the Mortgage on any Lot, then any conveyance or mortgaging of the Common Areas by the Association shall require the consent of at least 67% of the Class A votes held by Members other than the Declarant and, during the Development Period, the consent of Declarant. Notwithstanding anything to the contrary in this section, however, the Association, acting through the Board, may grant easements over the Common Areas for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Section 8. Limited Common Area.

(a) Any Limited Common Area shall be designated as such in the deed conveying such area to the Association, or on the Plat relating to such Limited Common Area, or by the recording by Declarant of another document containing the designation; provided, however, any such designation shall not preclude Declarant, at any time during the Development Period from assigning or reassigning use of the same Limited Common Area to additional Lots, but only with the written consent of any Builder who owns any Lot or has the right to purchase any Lot from Declarant that is affected by the proposed assigning or reassigning of Limited Common Area by Declarant.

Following the end of the Development Period, and only with the written consent of any Builder if any Builder still owns or has the right to purchase any Lot from Declarant that is affected by the proposed reassigning of Limited Common Area, portions of the Common Area may be designated as Limited

Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Association.

(b) Upon approval of a majority of Owners of Lots to which any Limited Common Area is assigned, including the written approval of any Builder who owns any Lot or has the right to purchase any Lot from Declarant affected by the proposed uses described herein, the Association may permit Owners of Lots in other portions of the Property, and/or may permit other Persons who are not Owners, to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Common Expenses attributable to such Limited Common Area.

Section 9. Stormwater Management. Except for maintenance responsibilities (i) placed on Owners by the Declaration and/or Legal Requirements, or (ii) assumed or undertaken by other Persons (for example, the City), the Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word "maintain" includes provision for maintenance of, which may include financial contributions toward maintenance of Stormwater Control Measures located on and/or shared with other properties not subject to the Declaration. Provided, however, such maintenance obligations shall cease and terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the City or State, through a department of public works or some other agency or division, accepts responsibility to maintain, in whole or in part, the Stormwater Control Measures for the Properties, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement which requires monetary payments by the Association to the Person who is performing the maintenance). Following any such assumption of maintenance by the City, State or other Person, the Association may, without obligation, continue to provide maintenance to the extent that the City, State or other Person fails to provide adequate maintenance, in the opinion of the Board, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the City, State or such other Person has not assumed maintenance responsibility, or following termination of the City's, State's or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures or portion thereof is located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification of the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which a Stormwater Control Measure is located shall not obstruct it or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all stormwater drainage easements and stormwater management facilities located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures. All issues as to whether a stormwater drainage easement or stormwater management facility is part of the Stormwater Control Measures for which the Association is responsible or whether it is the responsibility of an Owner shall be determined by the Declarant during the Development Period (unless Declarant assigns such right to the Board), and thereafter by the Board.

Declarant, during the Development Period, and thereafter, the Association, subject to any approval required by the City or State may grant, relocate, abandon and/or release one or more stormwater drainage easements in the Properties, subject to the following: (i) the grant of any such stormwater drainage easement also must be consented to in writing by the Owners of all portions of the Properties on which

such stormwater drainage easement is located, unless the stormwater drainage easement is shown on a previously recorded plat of such portions of the Properties, in which event the consent of the Owners is not required and the Declarant or the Association, as applicable, may grant the stormwater drainage easement by written instrument, and the required Owner consent shall not be unreasonably withheld, delayed or conditioned; (ii) no such relocation, abandonment or release shall materially adversely affect the portions of the Properties on which the stormwater drainage easement then is located or the portions of the Properties served thereby, or if it does have such material adverse effect it is consented to in writing by the Owners of all portion of the Properties on which such stormwater drainage easement is located and which are served thereby, and the required Owner consent shall not be unreasonably withheld, delayed or conditioned; and (iii) no such grant, relocation, abandonment or release shall materially adversely affect the Stormwater Control Measures for the Properties. The provisions of this paragraph also are applicable to any access easement over any portion of the Properties that provides pedestrian or vehicular access from a public sheet right of way or other public easement or facility to and from any Stormwater Control Measures.

With respect to its obligations under this Section, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements, Stormwater Agreements, and/or other agreements related to Stormwater Control Measures that are executed by the Association (or, during the Development Period, by the Declarant on behalf of the Association or for later assignment to the Association), and the Association (and, during the Development Period, the Declarant on behalf of the Association) may enter into Stormwater Agreements and/or other agreements and amend, add to, or supplement existing Stormwater Agreements and other agreements (and when Stormwater Agreements or other agreements are referred to in this Section, the reference includes amendments, additions, and supplements thereto), with the City, State another association that exists for purposes similar to those of the Association, or any other Person with respect to inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Properties and/or any or all of the Stormwater Control Measures for the Properties, whether such Stormwater Control Measures are located within or outside of the Properties. Such Stormwater Agreements and other agreements shall be binding on all Owners (or, with respect to Limited Common Property, all Owners to whose portion of the Properties such Limited Common Property is assigned), and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the City, State or such other Person in inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating or managing any part or all of such stormwater and/or Stormwater Control Measures, and such Stormwater Agreements and other agreements may include all other terms and obligations required by Legal Requirements. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Development Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Properties, and may grant rights over, in, under, upon and through all easements in the Properties that provide pedestrian and/or vehicular access from a publicly dedicated street right of way to and from stormwater drainage easements and/or Stormwater Control Measures. Provided, however, during the Development Period no such Stormwater Agreement or other agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Properties (for example, because of the topography of the different phases of the Properties, as different portions of the Properties are developed it may be desirable for a portion of the Properties to have Stormwater Control Measures separate from and/or in addition to other Stormwater Control Measures in or serving other portions of the Properties and it may be desirable for other portions of the Properties to utilize Stormwater Control Measures located outside of the Properties), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as

flexible as reasonably necessary in order to maximize the benefit to the Properties of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the City or State, in fulfilling its obligations under the Declaration the Association (or, during the Development Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different Stormwater Agreements and other agreements for different portions of the Properties, and/or may amend, add to, or supplement existing Stormwater Agreements, subject to all of the other terms of the Declaration. It further is recognized and contemplated by the Declaration that if such multiple Stormwater Control Measures and/or Stormwater Agreements or other agreements are determined to be necessary or desirable: (i) the costs of maintaining such Stormwater Control Measures and/or funding such Stormwater Agreements or other agreements may be different for different portions of the Properties and annual assessments and/or stormwater assessments (as defined herein) may be different for Lots in different portions of the Properties (for example, there may be different portions of the Subdivision that have different Stormwater Control Measures or different portions of the Subdivision that share some of the same Stormwater Control Measures but also have one or more separate Stormwater Control Measures); and (ii) some Stormwater Control Measures may be classified as Limited Common Property (and during the Development Period Declarant has the right to designate Stormwater Control Measures as Limited Common Property, including existing and new Stormwater Control Measures in the Properties as well as existing and new Stormwater Control Measures associated with Additional Property).

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Properties, that as stormwater drains from the Properties or other properties into any of the Stormwater Control Measures for the Properties, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment, may flow through and/or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through and/or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal Requirements or by the Board) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned-up following such removal or other handling, that the costs associated with such removal, handling and/or clean-up are Common Expenses, and that an additional assessment may be required to pay for such removal and/or resultant clean-up of the Stormwater Control Measures.

Declarant may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under: Stormwater Agreements and other agreements entered into by the Declarant with respect to Stormwater Control Measures for the Subdivision, provided the Declarant has performed, or made adequate provision for the performance of all obligations, if any, specifically required of the Declarant under the Stormwater Agreement or other agreement being assigned to the Association. The provisions of this Section shall be construed liberally in order to allow the Declarant and the Association, on behalf of the Subdivision and all Owners, the necessary flexibility to comply with all Legal Requirements with respect to stormwater, including the execution of Stormwater Agreements or other agreements with the City, State or other Persons and the granting of easements to the City, State or other Persons.

Section 10. Impervious Surface and Built Upon Area. The Reviewer shall (i) review, approve or disapprove all development plans, and (ii) in its sole discretion review, approve or disapprove all new construction on any Lot and any additions to existing Improvements on any Lot, for the purpose of maintaining compliance with the permitted limits, including any impervious surface requirements, for any built upon area (the “BUA Limits”) within the Community as may be required by any applicable Governmental Authority. Any Plans must include and show any and all proposed built upon areas. The ACC shall keep records of all Approved Plans and shall make such records available to the North Carolina

Department of Environmental Quality upon written request, all in accordance with the Governing Documents. Approval of any Plans shall not relieve the Owner, Builder or applicant from any obligation and responsibility to comply with all Legal Requirements with respect to any BUA Limits. The Association shall have the right but not the obligation to use permeable pavement or permeable concrete for driveways, parking pads, alleys and parking lots in the Common Areas within the Community to comply with any BUA Limits required by the applicable Governmental Authority for development of the Community.

**ARTICLE IV
EASEMENTS AND PROPERTY RIGHTS IN THE COMMON AREAS**

Section 1. Easements and Agreements Regarding Association Property. All Common Areas, including Limited Common Areas, shall be subject to, and Declarant and the Association do hereby reserve or grant, as applicable, the following easements:

(a) Use of Common Areas. An easement in favor of Declarant and any Builder for the exclusive use of such portions of the Common Areas, including, but not limited to any recreational facilities on the Common Area, as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the marketing or sale of, any Lots, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all Persons whom the Declarant or any Builder shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers, and their subcontractors, of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant or any Builder. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate two (2) years after the later of the end of the Development Period or the date that all of the Lots are Improved Lots. Such easements shall and do exist without affecting the obligation of the Owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Areas shall be used by authorized persons pursuant to the exercise of the easements herein stated.

(b) Declarant Activities. Notwithstanding any provision contained in this Declaration, the Bylaws or the Articles of Incorporation to the contrary, or any amendments thereto, until the expiration of the Development Period, Declarant expressly reserves for itself, and any Builder, and any Person authorized by Declarant or any Builder, in the sole discretion of the Declarant or Builder (as applicable) and without payment of any fee or charge or compensation to any Person for doing so, the right to do any and all of the following, which right also includes the right of vehicular and pedestrian access, ingress, egress and regress over any portion of the Property reasonably necessary for the exercise of the right to: (i) tie into any portion of the Property with driveways, parking, areas, and walkways; (ii) tie into and/or maintain any device which provides utility or similar service including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under, or over the Property; (iii) carry on sales, marketing, and promotional activities on the Property; (iv) construct and operate business offices, signs, construction trailers, and model residences; and (v) maintain and carry on, upon such portion of the Property as Declarant or any Builder (as applicable) may deem necessary, such facilities and activities as may reasonably be desired by the Declarant, Builder, and such authorized Persons. The rights of Declarant, Builder, and any Person approved by Declarant under this subsection shall further specifically include, without limitation, the right to keep entrances to the Property unlocked and open during the sales office hours.

Section 2. Easements Over All Lots. The Lots shall be subject to, and the Declarant does hereby grant, the following non-exclusive perpetual and temporary easements for the enjoyment of Declarant, the

Association, any Builders, and any subcontractors authorized by Declarant or Builder, the Members, the Owners, and the successors-in-title of each:

(a) Easements Shown on Plats. Each portion of the Property shall be subject to all easements, borders, setbacks, buffers and other matters which are shown and depicted on the Plats as affecting and burdening such portion of the Property.

(b) Entrance Monuments. Any Lot on which an entrance monument, sign, or other improvement (including landscaping, walls, fences) related to such entrance monument or sign is located, or on which there is an easement reserved for any such entrance monument, sign, or other improvement, shall be subject to a perpetual easement in favor of the Association (and during the Development Period the Declarant) for maintenance of such entrance monument or sign and related improvements which are or will be located on said Lot. The Owners of these Lots shall not remove, camouflage, damage or otherwise alter in any way said entrance monuments or sign and related improvements. These same Lots shall also be subject to a temporary easement for real estate sales signs which shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and Builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such temporary easement shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate thirty (30) days after all Lots in the Community are Improved Lots.

(c) Entry. Each Lot shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Lot under such circumstances and for such purposes as are described elsewhere in this Declaration.

(d) Encroachments. Reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, are hereby established between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

(e) Maintenance. Each Lot shall be subject to a perpetual easement in favor of the Association and its contractors for the maintenance of the Lots as provided for in the Article entitled "General Maintenance" herein.

(f) Private Streets. All Lots shall be subject to a perpetual easement in favor of the Association and all other Lot Owners for maintenance, management, repair, landscaping, and non-exclusive use and enjoyment of the private streets, lanes, drives and alleyways which are located on the Property, as shown on the Plats, whether said streets and drives are located in the Common Areas or are located on Lots. This easement right includes the right of contractors engaged by the Association to enter upon the Lots from time to time as necessary in order to perform such repair and maintenance work. The Owners of the Lots shall not impair access to, or otherwise alter in any way, said street and drives. The Association shall also have the right, but not the obligation, to cut, remove and plant trees, shrubbery and flowers along said streets, drives and alleyways.

(g) Slope Control. Each Lot shall be subject to an easement in favor of the Declarant, the Association, Builders, and subcontractors, as well as any Governmental Entity for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow.

(h) Surface Water Drainage. Each Lot shall be subject to a perpetual easement in favor of the Association and all other Lots for the drainage of surface waters over and across such Lot.

(i) Utilities. Each Lot shall be subject to a perpetual easement in favor of the Declarant, the Association, Builders, and subcontractors, as well as any Governmental Entity or public utility company who installs, provides, or maintains such services, for the erection, installation, construction and maintenance of wires, lines, conduits, attachments, and other facilities and equipment, both above and below ground, in connection with the transmission of electricity, gas, water, telephone, community antennae or satellite dish, television cables, systems for sending and receiving data and/or other electronic signals, security and similar systems, and other utilities. The easement rights to which the Lots shall be subject shall include the right of employees, agents or contractors engaged by the Declarant, or any Builder, the Association, the City, or the applicable utility company, to enter upon said Lots from time to time as necessary in order to perform repair and maintenance work and to read utility meters. The Association shall be responsible for the maintenance and management of the private water and sewer facilities, if any, located on or under the Common Areas.

Section 3. Specific Easements. Declarant reserves for itself, during the Development Period, the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarants sole discretion, in connection with the orderly development of any portion of the Property. The Association (with respect to Common Area) or the Owner of any Lot to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant and if any such easement burdens any portion of the Property owned by a Builder, then such Builder’s written consent shall be required to grant such easement. The location of the easement shall be subject to the written approval of the Association or other Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

Section 4. Minimal Interference. All work associated with the exercise of the easements described in this Article shall be performed in such a manner as to minimize interference with the use and enjoyment of the portions of the Property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the affected portions of the Property, to the extent reasonably possible, to the same or better condition in which it was in immediately prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into any Dwelling or other structure on any Lot or the Common Area, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

Section 5. Easements for Maintenance, Emergency, and Enforcement. Easements are hereby established for the Association over the Property as may be reasonably necessary to enable the Association to fulfill its maintenance responsibilities under the Declaration. The Association also shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Section 6. Use Easements. A "Use Easement" shall be established upon all Lots shown and depicted on a Plat that contain a point on an interim lot line designated as a "Use Easement Point". Said Use Easement shall extend from said Use Easement Point along a line parallel with the right-of-way line or parallel with the chord bearing of the arc of the street upon which said Lot fronts to the foundation of the residence constructed nearer to said Use Easement Point, thence, with said foundation wall, and extending beyond said foundation wall to the rear lot line of the Lot, thence, with the rear lot line to the interior lot line, thence with said interior lot line, back to the Use Easement Point

The Use Easements established hereby shall be perpetual and shall be for the benefit of the Owner of the Lot adjacent to said easement for ingress, egress and regress over and upon said easement and for purposes of making landscape and hardscape improvements thereupon as may be approved by the ACC. Any improvements placed upon the Use Easement shall be upon the express condition that said improvements must not be attached to any structures on the servient Lot nor made in such a manner as to cause damage to the property of the Owner of the servient Lot and must not be located in such a manner so as to prevent the Owner of the servient Lot from having unimpeded access to the structure(s) upon his Lot for purposes of maintenance and repair. Further, said improvements must be maintained by the party making said improvements. In the event the Owner of the dominant Lot fences in the Use Easement area, a gate must be erected along the side lot line of the Owner of the servient Lot for access purposes.

**ARTICLE V
THE ASSOCIATION**

Section 1. The Association. Declarant has caused or will cause the Association to be formed, and the Association does or will exist under its Articles of Incorporation and Bylaws. The Association is and shall be responsible for the maintenance of the Common Area including all Limited Common Area, the enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as are required of the Association under the Governing Documents or as the Board of Directors shall deem to be in the best interests of the Members or applicable portion of Members of the Association. The Association shall have all rights and powers reasonably necessary to provide the services and perform the obligations and functions required of it by the Governing Documents.

Section 2. Membership. Each and every Owner of a Lot is a Member of the Association, with classes of membership as provided herein, and, by execution of the Declaration or by acceptance of a deed conveying to such Owner title to any Lot, each Owner consents to be a Member of the Association and to be subject to the terms of the Governing Documents. Membership shall be appurtenant to and may not be separated from ownership of the Lot. An Owner's membership in the Association automatically terminates whenever such Person ceases to be an Owner, and Declarant shall be the Class B Member at all times that Declarant owns at least one (1) Lot (which may consist of any unsubdivided land owned by Declarant if Declarant owns no other Lots in the Properties). Termination of membership shall not release or relieve any such Owner from any liability or obligation incurred under the Declaration during the period of such Owner's membership in the Association, nor impair any rights or remedies which the Association or any other Owner has with respect to such former Owner.

Section 3. Classes of Membership Voting Rights. The Association initially shall have two classes of voting membership: Class A and Class B.

(a) Class A. The Class A Members shall be all those Persons holding an interest required for membership in the Association, as specified in this Article, except for those Persons who are Class B Members. Until such time as the Class A Members shall be entitled to full voting privileges, as hereinafter specified, the Class A Membership shall be a non-voting membership except as to such matters and in

such events as are hereinafter specified.

The Class A Members shall be entitled to full voting privileges on the earlier of the following dates to occur: (i) the date which the Declarant may so designate by notice in a writing delivered to the Association, or (ii) the end of the Development Period. Provided, however, prior to entitling Class A Members to full voting privileges, in any such notice delivered by Declarant to the Association, Declarant may entitle Class A Members to limited voting privileges, subject to such terms and conditions as Declarant, in its sole discretion, determines (provided, however if not sooner granted, the Class A Members shall have full voting privileges upon the expiration of the Development Period). Until the earlier of these dates occurs, the Class A Members shall be entitled to vote only on matters for which it is provided by law that approval of each and every class of membership of the Association is required. When entitled to vote, Class A Members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership regardless of the number of Class A Members who own the Lot; in no event will more than one (1) vote be cast per Lot.

(b) Class B. Declarant shall be the only Class B Member. Class B membership shall be a full voting membership, and, during its existence, the Class B Members shall be entitled to vote on all matters and in all events. During all times that the Class B membership exists the Class B Member is the only Member eligible to vote on Association matters, unless a Legal Requirement requires that all Members have a right to vote. With respect to each Association matter on which all Members are eligible to vote, the Class B Member has ten (10) votes for each Lot owned by Declarant and ten (10) votes for each Lot owned by a Person other than Declarant. Any one or more times that the Class B membership terminates because Declarant owns no Lots, and Declarant later acquires ownership of one or more Lots, the Class B membership shall be reinstated until such time as Declarant again owns no Lots. With respect to any Additional Property annexed to this Declaration by Declarant, Declarant may provide for such additional Class B Member votes in the Association as Declarant determines, in its sole discretion, and such additional Class B Member votes in the Association shall be added to the other Class B Votes in the Association possessed by Declarant to determine the total number of Class B Member votes in the Association. Provided, however, if no specific Class B Member votes is provided by Declarant for Additional Property annexed to this Declaration, Declarant shall have ten (10) votes for each Lot owned by Declarant and ten (10) for each Lot owned by a Person other than Declarant. At such time as the Class A Members shall be entitled to full voting privileges, as provided in paragraph (a) hereof, the Class B membership shall automatically terminate and cease to exist, and the Class B Member shall be and become a Class A Member as far as it may then hold any interest required for membership.

(c) In recognition of the different character and intended use of Additional Property that is annexed to this Declaration, or of portions of the Property previously subjected to this Declaration whose character and intended use changes subsequent to being subjected to this Declaration, during the Development Period Declarant, in its sole discretion, may, by Annexation Declaration or Supplemental Declaration, create additional classes of membership for the owners of Lots within any such Additional Property being annexed to this Declaration or within any such portion of the Property that previously has been subjected to this Declaration. These classes of Members shall have such rights, privileges and obligations as specified in such Annexation Declaration or Supplemental Declaration, including votes in the Association that are different from votes allocated to previously existing classes of Members, and including liabilities for assessments that may be different from the liabilities of previously existing classes of Members.

Section 4. Suspension of Membership Rights. The membership rights of any Member of the Association, including the right to vote, may be suspended by the Board of Directors pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such Members obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on the Member's Lot in favor of the Association for unpaid assessments or other obligations under

the Governing Documents.

Section 5. Meetings of the Membership. All matters concerning the meetings of Members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to Members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in the Governing Documents or Legal Requirements.

Section 6. Exercise of Voting Rights. The exercise of voting rights shall be governed by the Articles and/or Bylaws of the Association, as applicable, including quorum requirements and exercise of voting rights by written consent or other method allowed in the Articles and/or Bylaws instead of a vote at a meeting of the Association, or by any combination of voting at a meeting and other method of voting as allowed in the Articles and/or Bylaws. Any provision of this Declaration or other Governing Documents that refers to a vote of the membership of the Association shall not preclude the exercise of voting rights by such other methods. When there is more than one Owner of any Lot, all such Owners shall be Members and the voting rights allocated to their Lot shall be exercised as they, among themselves, determine (subject to any applicable provisions of the Articles or Bylaws), but fractional voting of the votes allocated to such Lot shall not be allowed.

Section 7. Association Acts Through Its Board of Directors. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Board of Directors of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation or the Bylaws with respect to such action, inaction or approval that the Members of the Association must vote. No member of the Board of Directors of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B Member) shall be personally liable to any Owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever while acting in the capacity of a member of the Board, officer of the Association, or member of a committee appointed by the Board, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud. The foregoing shall not preclude such Person who also is the Owner of a Lot from being liable for matters in the same manner and to the same extent as Owners of other Lots with respect to matters not related to such Person's actions as a member of the Board, officer of the Association, or member of a committee appointed by the Board.

Section 8. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any Person to manage the affairs of the Association, or any part thereof, as the Board of Directors deems to be in the best interests of the Association. The Board may delegate such authority to such Person, and authorize such Person to act on behalf of the Association, as the Board determines in the exercise of its discretion.

Section 9. Appointment of Directors during Development Period. During the Development Period, the Declarant shall be entitled to appoint, remove, and replace all of the directors of the Board and the officers of the Association, or Declarant may authorize one (1) or more directors of the Board to be elected by the Class A Members of the Association, upon such terms and conditions as Declarant, in its sole discretion, determines. Quorum requirements at any meeting of the Association or the Board are not applicable to Declarant's right to appoint, remove, or replace directors and officers.

**ARTICLE VI
ASSESSMENTS**

Section 1. Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance for a Lot, covenants and agrees to pay to the Association all assessments and charges

which are levied by the Association against the Lot(s) owned by such Person in accordance with the terms and provisions of the Act or the Governing Documents. All assessments and charges shall be established and collected as hereinafter provided. All assessments and charges remaining unpaid for a period of thirty (30) days or longer, together with the costs of collection thereof, including reasonable attorneys' fees, shall constitute a lien on the Lot against which they are assessed or charged from the time of the filing of a lien in the office of the Clerk of Superior Court of Carteret County, North Carolina, and shall be the personal and continuing obligation of the Person who was the Owner of such Lot at the time when the assessment or other charge first became due and payable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid, as the covenant to pay assessments herein stated is and shall be a covenant running with land.

No Owner shall be exempt from liability for any assessment provided for herein by reason of non-use of the Common Area or such Owner's Lot, or abandonment of a Lot, or temporary unavailability of the use or enjoyment of the Common Area. No Owner shall be relieved of, or released from, the obligation to pay assessments and other charges under the Governing Documents because of any resignation or attempted resignation by such Owner of membership in the Association while such Owner owns a Lot, or because of any suspension of such Owner's membership or membership rights in the Association as allowed under the Governing Documents.

If necessary to establish the right to collect reasonable attorneys' fees under the Declaration, any obligation of an Owner to pay assessments or other charges or monetary obligations under the Declaration shall constitute evidence of indebtedness for the purpose of establishing under Section 6-21.2 of the North Carolina General Statutes (or any successor statute) the right to collect reasonable attorneys' fees in any action or proceeding to enforce or collect payment of such obligation. Provided, however, the foregoing sentence specifically is intended to supplement, and not to interfere, limit, invalidate or be in conflict with, any provisions of the Act with respect to reasonable attorneys' fees.

Section 2. Purposes of Assessments. The assessments levied by the Association pursuant to this Article shall be used to pay the Common Expenses and other charges as required or allowed by the Declaration. Without limiting the generality of the foregoing, the Association may assess the following types of assessments for payment of the Common Expenses: (i) annual assessments; (ii) working capital assessment; (iii) stormwater assessments; (iv) special assessments for capital improvements or other matters as set forth herein; (v) special individual assessments levied against an Owner to reimburse the Association for maintenance expenses resulting from the failure of such Owner to maintain adequately that Owner's Lot, or for damages to Common Elements, or for such other purposes as stated herein; (vi) architectural review fees and costs as specified herein; (vii) fines for violations of Restrictions and Rules and/or Association rules and regulations with respect to use of the Common Elements; (viii) late payment penalties and interest on unpaid assessments and other charges; and any other assessments, if any, for any/all of the following purposes: (1) costs and expenses incurred by the Association in connection with the maintenance of the Common Area and the Association's other operations; (2) payment of the premiums for all fidelity bonds which shall be obtained by the Association; (3) the payment of the fees of such management firms as the Board of Directors shall employ; (4) payment of fees for the provision of such professional services as the Board of Directors shall determine to be required by the Association, including but not limited to legal, accounting and architectural services; (5) loans to the Association for construction of the Recreational Amenities; and (6) other charges imposed under authority contained in the Act (specifically including all fees allowed under Section 47F-3-102 of the Act) or Governing Documents (architectural review fees, fines, penalties, interest and other fees and charges all being referred to herein collectively as "other charges"), and, in addition to such assessments and other charges, to pay all costs, fees and expenses, including reasonable attorneys' fees, incurred by the Association in enforcing or

collecting any of the foregoing assessments or other charges against such Owner or the Lot of such Owner; and (7) such other purposes as the Board of Directors shall deem necessary or desirable to promote the health, safety and welfare of the Association and its Members.

All assessments and other charges collected by the Association shall be the separate property of the Association. As assessments and other charges are paid to the Association by Owners, such funds may be commingled with assessments and other charges paid to the Association by other Owners. No Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer, such Member's interest in the assets of the Association, except as an appurtenance to the Lot owned by such Member. When any Owner ceases to be a Member of the Association, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association or any portion thereof which may have been paid to the Association by such Owner or acquired with any funds paid to the Association by such Owner.

Section 3. Commencement and Liability for Payment. The assessments provided for herein shall commence as to a Lot on the date that a Lot becomes an Improved Lot and is owned by a Person who is not the Declarant or a Builder (it being express that Builders shall pay no assessments of any kind hereunder for Lots owned by Builders) with all Improved Lots owned by the same class of Members of the Association being assessed equally, except for any additional assessments that may be required to pay Common Expenses specifically associated with a Lot, in which event such assessments shall only be assessed against the Lots benefitted by the Common Expenses. The Annual Assessment for any Lot that first commences with respect to such Lot on any day other than the first day of the applicable fiscal year of the Association is determined for that first fiscal year by multiplying the applicable Annual Assessment amount by a fraction whose numerator is the number of days remaining in that fiscal year from and after the day on which it becomes a Lot and whose denominator is the total number of days in that fiscal year.

Section 4. Operating Budget and Annual Assessment. For the fiscal year beginning on such date as the Board shall determine in its sole discretion and for subsequent fiscal years, the Board shall adopt for each fiscal year a proposed "annual operating budget", also referred to herein as the "budget", containing an estimate of the total amount believed to be necessary to pay all of the Common Expenses for that fiscal year (including, at the Board's discretion, estimated amounts for unexpected contingency items). Based on such proposed budget, the Board shall determine the amount to be assessed against each Lot for that fiscal year to fully fund the proposed budget, such amount being referred to herein as the "annual assessment". In adopting a proposed budget and annual assessment, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the applicable fiscal year. In the Board's discretion, a proposed budget may include a provision that allows the Board to assess and collect from the Owners during the applicable fiscal year, without the necessity of revising the budget and holding a meeting of the membership of the Association to vote on ratification of the revised budget, one or more additional annual assessments, not to exceed a total amount as specified by the Board, as necessary to pay for Common Expenses that exceed the budgeted amount and/or new or unexpected additional Common Expenses incurred during the applicable fiscal year.

Within thirty (30) days after adoption of the proposed budget, the Board shall provide a copy or summary of the proposed budget and annual assessment to all Members (a copy or summary provided to any one (1) of multiple Owners of a Lot is deemed to be provided to all Owners of such Lot), together with a notice of the annual or special meeting of the Association at which ratification of such proposed budget will be considered, including a statement that the proposed budget may be ratified without a quorum for the meeting. The annual or special meeting at which ratification of the proposed budget is to be considered shall be held not less than ten (10) days nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting at which

ratification of the proposed budget is to be considered (although if other matters are to be considered at such meeting applicable quorum requirements are in effect with respect to those other matters). The budget is ratified unless rejected at that meeting as follows: (i) if the proposed annual assessment does not exceed the annual assessment for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing ninety percent (90%) or more of the total number of votes in the Association reject it; (ii) if the proposed annual assessment per Lot exceeds the actual annual assessment per Lot for the immediately preceding fiscal year by more than 50%, the budget is ratified unless Members possessing sixty-seven percent (67%) or more of the total number of votes in the Association reject it. In the event that the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board Of adopted by the Members.

Beginning with the annual assessment for the first fiscal year as the Board shall determine in its sole discretion, the Association shall send written notice of each annual assessment to the Members of the Association (for purposes of notice of all assessments under the Declaration, notice sent to any one (1) of multiple Owners of a Lot is deemed to be notice sent to all of such Owners) not less than thirty (30) days in advance of the payment due date specified in the notice (which shall not be earlier than the first day of the applicable fiscal year), which written notice may be in the form of an invoice for the annual assessment, or which written notice may be included in the notice of the meeting to vote on the proposed budget. The failure of the Board to establish the amount of any annual assessment or send timely notice as required herein shall not constitute a violation, waiver or modification of the provisions of the Declaration, or a waiver of the Board's right to establish and collect the annual assessment at any time during the fiscal year to which it is applicable, or a release of any Member from the obligation to pay the assessment or any installment thereof for that or any subsequent fiscal year. Until the Board has established an annual assessment for a fiscal year, the annual assessment for the immediately preceding fiscal year shall continue in effect, but when the new annual assessment is established, it shall be retroactive to the first day of the applicable fiscal year, and notice of same shall be sent to the Members not less than thirty (30) days in advance of the payment due date specified in the notice. If the annual assessment for any fiscal year has not been established by the last day of the immediately preceding fiscal year, the Board may send a notice of assessment to the Members for the amount of the immediately preceding fiscal year's annual assessment, together with notice that a new assessment may be established for that fiscal year that may require an additional payment. Once the new annual assessment is established, any additional amount owed is due and payable by the payment due date specified in a supplemental notice to the Members sent not less than thirty (30) days in advance of the payment due date specified in the supplemental notice.

During any fiscal year, the Board may revise the budget and adjust the annual assessment (including the maximum amount of any additional annual assessment), subject to the same notice and ratification requirements as those applicable to the initial budget for that fiscal year. Upon ratification of a revised budget, it shall replace all previously ratified budgets for the applicable fiscal year.

Section 5. Special Assessments. In addition to other authorized assessments, the Association may levy "special assessments" during any fiscal year to pay for any or all of the following: (i) unbudgeted Common Expenses; (ii) Common Expenses in excess of those budgeted; or (iii) the costs of any capital improvements or capital repairs. No special assessment shall be imposed unless approved by the affirmative vote of fifty percent (50%) or more of the votes cast by the Members present at a meeting of the Association and, during the Development Period, the written consent of the Declarant. Notices for all meetings of the Association at which there is to be a vote on a special assessment shall include notice of the purpose and amount of the proposed special assessment. A special assessment is effective on the later of the date it is approved by the Members or Declarant (if such approval is required), or such later date adopted by the Members in the vote approving the special assessment, and is due and payable as established by the vote of the Members approving the special assessment, or, if not established by such

vote of the Members, as established by the Board. Each Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this section.

Section 6. Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Area, or of any monument, landscaping, detention pond or other thing maintained by the Association, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (ii) for the payment of fines, penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder; provided, that Declarant shall not be obligated to pay any specific assessments. Failure of the Board to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this section in the future with respect to any expenses.

Upon the establishment of a specific assessment under this section, the Board shall send written notice of the amount and due date of such specific assessment to the affected Owner (s) at least thirty (30) days prior to the date such specific assessment is due.

Section 8. Special Assessment for Working Capital Reserve. Upon the first transfer of title to an Improved Lot, but not thereafter, there shall be levied against such Improved Lot and paid to the Association by the transferee of said Improved Lot a special assessment in such amount as the Association shall determine in its sole discretion (which amount may differ among Townhome or detached Dwelling Lots; for example Townhomes may have higher initial assessments for capital reserves if it is expected that higher levels of capital maintenance is required to support Townhome obligations of the Association). The Association shall use all special assessment payments which shall be so received by it pursuant to this section to establish a working capital reserve fund for use in connection with capital repairs and capital improvements.

Section 9. Collection of Assessments; Penalties for Late Payment.

(a) Assessments may be collected on a monthly, quarterly, annual or other basis, as determined from time to time by the Board, with the payment due date to be specified in the notice of the applicable assessment. The billing schedule and payment due date shall be the same for all Owners. Provided, however, the Board has the power, in its sole discretion and upon such terms as the Board deems appropriate, to allow percentage discounts to Owners who pay assessments earlier than the payment due date therefor; provided, however, all such discounts shall be made available and applied uniformly to all Owners.

(b) Subject to any limitations contained in the Declaration, other Governing Documents, or any Legal Requirement, the Board has the authority to establish the payment due dates, interest rate on unpaid amounts, and penalties for late payment of assessments and other charges. Assessments and other charges not paid by the payment due date shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest lawful rate under Legal Requirements, or (iii) the amount, if any, established by the Board (or, in the absence of any amount being established by the Board, the lesser amount otherwise established by this subsection). In addition to the obligation to pay the assessment and other charges and interest charges thereon, the defaulting Owner also shall pay all of the Association's costs and expenses of collection thereof, including reasonable attorneys' fees.

(c) The Board may authorize a management company or other billing agent, on behalf of the

Association, to bill and collect all assessments and other charges payable under the Declaration.

Section 10. Certification of Assessments Paid. The Association, or any property manager or agent authorized by the Association, upon written request, shall furnish to any Owner or such Owner's authorized agents, a certificate signed by an officer of the Association or other Person authorized by the Board to give such certificate setting forth whether or not and through what date the assessments and other charges against that Owner's Lot have been paid, and the amount of any unpaid assessments or charges. The certificate shall be furnished within ten (10) business days after receipt of the request therefor and is binding on the Association, the Board and every Owner. The Association or property manager or agent authorized to furnish the certificate may charge a reasonable fee for furnishing the certificate as established or approved by the Board.

Section 11. Assessment Lien and Foreclosure. The assessments and other charges provided for herein shall be the personal and individual debt of each Person who, at the time of the assessment or other charge, is an Owner of the Lot against which they are assessed or charged. Any assessment or other charge not paid on or before the payment due date and remaining unpaid for a period of thirty (30) days or longer, together with the fines, penalty and interest charges as provided in the Declaration, plus the costs of collection (including reasonable attorneys' fees), shall be a charge and continuing lien on the Lot against which they are assessed or charged from and after the date on which a claim of lien is filed by the Association in the office of the Clerk of Court of the County in which the Lot is located. Except as otherwise provided in the Declaration or by Legal Requirements, such lien shall be superior to all other liens and charges against the Lot. The Board shall have the power, in its sole discretion, to subordinate the Association's lien to any other lien. The claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed. In addition to the claim of lien, the Association may execute, issue or record such other evidence of the lien as the Board deems necessary. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under a power of sale or in any other manner allowed or required by Legal Requirements, and/or the Association may institute suit against the Owner personally obligated to pay the assessment or charge, and/or the Association may seek any other available remedy or relief. In any foreclosure proceeding, the Association shall have the right to appoint a trustee or commissioner (or other appropriately named Person) to implement the foreclosure, and the defaulting Owner shall be required to pay the costs, expenses, trustee's (or commissioner or other) fees, and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on and purchase the Lot at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal therewith. The remedies against a defaulting Owner and such Owner's Lot are cumulative and not mutually exclusive, and the Association may seek none, or any one or more of such remedies, separately or simultaneously, as deemed appropriate by the Board.

Section 12. Lien Priority. The lien for unpaid assessments and other charges provided for herein is prior to all liens and encumbrances on a Lot except (i) liens for ad valorem taxes on the Lot; (2) the lien of any first priority mortgage covering the Lot and the lien of any mortgage recorded prior to the recording of this Declaration; (3) the lien of any secondary purchase money mortgage covering the Lot, provided that neither the grantee nor any successor grantee on the mortgage is the seller of the Lot; and (4) the lien of any mortgage given by any Builder or other Person to secure payment of any sum owed to the Declarant, whether or not Declarant is the seller of the Lot liens and encumbrances. Provided, however, this Section does not affect the priority of mechanic's or materialmen's liens. A lien for unpaid assessments and other charges is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the docketing of the claim of lien in the office of the County Clerk of Court of the County in which the Lot is located. Where the holder of a First Mortgage, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a First Mortgage or deed or other proceeding in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which became

due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Owners, including such purchaser, its heirs, successors, and assigns in the event that the Association is unable to collect, or chooses not to pursue collection, from the Person who was the Owner of the Lot during the time the assessments were assessed against the Lot.

Section 13. Exempt Property. All Exempt Property is exempt from the assessments, charges and liens established pursuant to the Declaration.

Section 14. Declarant's Obligation to Fund Budget Deficits.

(a) During the existence of the Class B membership, Declarant may satisfy its obligation for payment of annual assessments on Lots which it owns either by paying annual assessments in the amount per Lot assessed for that fiscal year or by paying the difference between the total amount of the actual annual assessments levied on all other Lots subject to assessment and the amount of actual expenditures by the Association during the fiscal year for items contained in the budget (paying the difference being referred to herein as the "deficit funding obligation" or "funding the deficit"). Unless Declarant otherwise notifies the Board prior to the Board's adoption of a proposed annual operating budget for the next fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the current fiscal year Declarant has elected to fund the deficit. The deficit funding obligation does not include any expenses that the Association is unable to meet because of nonpayment of any assessment by Owners other than the Declarant, or because of unusual or extraordinary or unanticipated expenses not included in the annual operating budget (for example, a judgment obtained against the Association, or a Common Expense obligation caused by the negligence or misconduct of any Owner or occupant). The deficit funding obligation of the Declarant may be enforced against the Declarant and collected by the Association in the same manner as enforcement and collection of assessments applicable to other Owners.

Regardless of Declarant's election as to payment of annual assessments or funding the deficit, Declarant's obligations with respect to annual assessments may be satisfied by Declarant by any combination of the provision of services or materials toward satisfaction of Common Expenses (including payment for such services or materials directly to the providers thereof), or payment of money to the Association. Beginning with the first fiscal year after the end of the Class B membership, Declarant shall pay annual assessments on its Lots in the same manner as any other Owner.

Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the annual and special assessments for such fiscal year. Such advances shall be evidenced by promissory notes from the Association in favor of the Declarant and shall be paid back to Declarant if and to the extent that sufficient funds are generated by assessments in future years until such time as Declarant no longer has the authority to appoint the directors and officers of the Association.

Section 15. Partial Assessments and Cost Sharing Agreement for Annexed Property. In the event Declarant elects to annex Additional Property, it may subject such Additional Property to all or any portion of this Declaration as Declarant shall determine in its sole discretion, including but not limited to levying assessments on the Owner(s) of such Additional Property for some but not all Common Expenses, limiting access by such Owner(s) to some but not all Common Area and Recreational Amenities and entering into a cost sharing agreement with such Owner(s) for certain Common Expenses.

**ARTICLE VII
ARCHITECTURAL CONTROL**

Section 1. Architectural Control.

(a) Except for ordinary and routine maintenance to an existing improvement, and excluding planting and maintenance of flowers, bushes, grass and trees that do not result in any material change in the landscaping approved as part of the Approved Plans ("material" being as determined from time to time by the Reviewer) or allowed by Architectural Guidelines without the necessity of obtaining Approved Plans, and except as otherwise provided herein (for example, portions of the Property exempt from architectural review), no improvement, and no alteration, addition to, or changes to any Improved Lot (including any conversion of a garage or carport into living space) shall be commenced, nor shall any of the same be placed, altered or allowed to remain, until the Reviewer has approved in writing the Plans therefore, or the Architectural Guidelines allow the improvement without the necessity of obtaining Approved Plans.

(b) No structure or Improvement shall be constructed, placed at or installed upon any Improved Lot in a location without the prior written approval of the ACC, which approval may be withheld in the sole discretion of the ACC, including but not limited to restrictions on BUA Limits on any Lot. No fence shall be constructed or erected upon any Improved Lot in any location without the prior written approval of the ACC. No chain link fences shall be erected or maintained on any Lot or other portion of the Property.

Section 2. Combination of Lots. Contiguous Lots may not be combined together without prior written consent of the Declarant, during the Development Period, and thereafter by the Board of Directors. In the event that the Declarant or Board of Directors, as applicable approves such a combination, such combination shall thereafter be deemed to be a single Lot for all purposes of this Declaration, except that notwithstanding the foregoing, the amount of assessments for which such single Lot shall be thereafter liable shall be equal to the total assessments for which all of the Lots which were so combined would have been liable had such combination not taken place.

Section 3. Architectural Review.

(a) Until the later of the end of the Development Period or the date on which one hundred (100%) percent of the Lots are Improved Lots and are owned by Persons other than the Declarant (such period of time being referred to herein as the "Declarant Review Period"), the Declarant has the sole right under the Declaration to serve as the Reviewer with respect to all improvements. In reviewing and acting upon any request for approval of Plans for improvements, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant, in its sole discretion, may designate one or more Persons to act on its behalf in reviewing Plans. Declarant may, at any time and from time to time, temporarily or permanently, but without any obligation to do so, delegate all or any portion of its rights reserved under this Article to an ACC. Prior to the end of the Declarant Review Period, Declarant may modify or terminate any or all its rights reserved under this Article in whole or in part, at any time and from time to time, temporarily or permanently, by recording an instrument in the Registry describing the action taken by Declarant.

(b) Upon delegation by Declarant during the Declarant Review Period, and upon the end of the Declarant Review Period, the Association, acting through an ACC appointed by the Board, shall assume jurisdiction and responsibility for architectural review under this Article. The members of any ACC need not be Members of the Association or representatives of Members, and may, but need not, include architects, landscape architects, engineers or similar professionals. The number, qualifications, composition, jurisdiction, procedures (including appeal of its decisions to the Declarant or Board), and compensation of the members, if any, of the ACC shall be established from time to time by the Declarant or Board, as applicable.

(c) The Declarant or the Board, as applicable, may establish and charge reasonable fees for review of applications and Plans hereunder and may require such fees to be paid in full prior to review thereof. Such fees may include the reasonable costs incurred in having any Plans reviewed by architects, engineers or other professionals. If any such fees are required in connection with any review, no Plans submitted for review shall be complete until such fees are paid.

Section 4. Review Procedures. When Approved Plans are required for commencement of any improvement, the required number of sets of Plans for the proposed improvement (as determined by the Reviewer), together with any application or request for approval and review fees required by the Reviewer, shall be submitted to the Reviewer by the Person requesting the approval or such Person's authorized representative. The Architectural Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. All of the foregoing together constitutes a "complete application", and no time period within which any Reviewer under this Declaration is required to complete the review shall commence until the Reviewer has received a complete application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review (except with respect to appeals to the Declarant or Board as may be authorized by the Declarant or Board) so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall decide on each application within 30 days after receipt by the Reviewer of a complete application. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer shall notify the applicant in writing of the final determination on any application within five days after making the determination. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner to a complete application, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the US Postal Service and addressed to the applicant at the mailing or residence address indicated on the application for review. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the

requirements of such resolution.

Section 5. Architectural Guidelines. Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of the Property as well as specific provisions which vary between Townhome and detached Dwelling Lots. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Architectural Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Guidelines does not guarantee approval of any application. Declarant shall have sole and full authority to amend the Architectural Guidelines during the Development Period, notwithstanding a delegation of reviewing authority to the ACC or any other Person, unless Declarant also delegates the power to amend the Architectural Guidelines to the ACC. Upon termination or delegation of Declarant's right to amend, the ACC shall have the authority to amend the Architectural Guidelines with the consent of the Board, and the Board shall have the authority to amend the Architectural Guidelines following the end of the Development Period.

Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

Upon request, the Reviewer shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within the Property In Declarants discretion, such Architectural Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

Section 6. No Waiver of Future Approvals. Each Owner acknowledges that the Persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future Approval of Plans, granting of variances, or other approvals given in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

Section 7. Legal Requirements. Approval by the Architectural Control Committee of any Plans shall not relieve the Owner, Builder, or applicant from any obligation to obtain all required City and State approvals and permits, and shall not relieve the Owner, Builder, or applicant of the obligation and responsibility to comply with all Legal Requirements with respect to such improvements.

Section 8. Variances. The Reviewer may authorize variances from compliance with any of the applicable Architectural Guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall: (a) be effective unless in writing; (b) be contrary to this Declaration; (c) preclude the Reviewer from denying a variance in any other circumstances; or (d) be contrary to any Legal Requirements. For purposes of this Section, the inability to obtain approval of any Governmental Authority, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

Section 9. Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any Person. Review and approval or denial of approval or conditioning of approval of any application pursuant to this Article may be made on the basis of aesthetic considerations only, and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all Dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, the ACC, or member of any of the foregoing shall not be held liable for any of the following: soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder or their failure to comply with Legal Requirements; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in the Property or anywhere else; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any improvement. In all matters, the Association shall indemnify the Board, the ACC, and the members of each as provided in the Governing Documents.

Section 10. Certificate of Compliance. Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Reviewer shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Section 11. Violation. When Approved Plans are required under this Article prior to the commencement of the construction, installation, alteration, addition, removal, or maintenance of any improvement, in the event that any such construction, installation, alteration, addition, removal, or maintenance commences, or is undertaken or performed in the absence of Approved Plans or in violation of Approved Plans, the Person upon whose portion of the Property such activity was undertaken or performed may be required by the Declarant (during the Development Period) or by the Board to restore to its original condition, at such Person's sole expense, the portion of the Property upon which the activity was undertaken or performed. Upon the failure or refusal of any Person to perform the restoration required herein, the Declarant or Board, as applicable, or their authorized agents or employees, may, after fourteen (14) days' prior notice to such person, enter upon such portion of the Property and make such restoration as the Declarant or Board, as applicable, in the exercise of its discretion, may deem necessary or advisable. The Owner of the portion of the Property upon which such restoration work shall have been performed shall be personally liable to the Declarant or Association, as applicable, for all direct and indirect costs which the Declarant or Association incurs in the performance of such restoration work, including without limitation attorney's fees and court costs related to the collection of such costs from the Owner, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration.

Section 12. Declarant and Association Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article shall be construed as prohibiting any construction, installation, alteration, addition, removal, or maintenance of any improvement by the Declarant, or by any Builder, or by the Association upon any portion of the Property, while it is owned by the Declarant, or a Builder, or Association (as the case may be). Any construction, alteration, addition or removal performed by the Declarant, any Builder, or the Association upon any portion of the Property while it is owned by the same, is exempt from the all of the provisions of this Article, and for avoidance of doubt, nothing in

this Article or otherwise herein shall prevent a Builder at its sole expense from altering or reconfiguring Lot lines between/among Lots it owns, or from combining or subdividing Lots it owns, provided such altering, reconfiguring, combing or subdividing complies with all Legal Requirements, including but not limited to any BUA Limits required by the applicable Governmental Authority for development of the Community or any Lot.

**ARTICLE VIII
USE OF THE PROPERTIES**

In order to provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

Section 1. Residential Use. Except as otherwise allowed by this Declaration, the Properties shall be used only for single-family residential purposes, including rentals of a Lot and Dwelling in accordance with Section 23 of this Article VIII, or for other uses allowed under applicable Governmental Authority zoning ordinances and approved by the Declarant during the Development Period or thereafter, by the Board. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. Residential purposes include use of portions of the Properties for streets, utilities, greenways, open space, Common Elements, wetlands, conservation areas, active or passive recreation, or other purposes substantially related to residential use which are allowed under applicable Governmental Authority zoning ordinances, unless such substantially related purposes are prohibited by other provisions of this Declaration. Except as provided in subsection (c) of this paragraph, no Lot shall at any time be used for any commercial, business or professional purpose. Provided, however, and notwithstanding the foregoing: (a) during the Development Period, the Declarant, and any Builder (or so long as the Builder owns or has the right to buy any Lot from Declarant), or other Person with Declarant's consent, may maintain model homes, sales offices and temporary construction trailers and other improvements and facilities within the Properties for the purpose of conducting business related to the development, improvement, and/or sale or marketing of any part or all of the Properties, including the sale and marketing of Lots; and (b) Declarant, and any Builder, or any other Person with Declarant's consent, may conduct such business and other activities within the Properties as may be necessary or desirable in connection with the development, improvement, and/or sale or marketing of any part or all of the Properties, including the sale and marketing of Lots; and (c) the Owner of any Lot may use a portion of a building located on such Lot as an office, provided that such use does not create regular customer, client or employee traffic to and from such Lot and no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot.

Section 2. Prohibited Activities. Each owner of any Lot, and such Owner's family members, tenants, guests and invitees, shall refrain from any act or use of the Lot which could reasonably cause embarrassment, discomfort or annoyance to any other resident or residents of any other Lot. Storage or placement of furniture, potted plants, fixtures, appliances, machinery, bicycles, towels, equipment, signs or other goods or chattels on any Lot which is visible from outside of the Lot, (including but not limited to Stoops, Driveways, Decks and Patio Areas) is prohibited except as specifically permitted in this Declaration. No trade materials or inventories (other than materials used for construction of Dwellings or other approved structures or Improvements) shall be stored upon any portion of the Properties and no tractors, inoperable motor vehicles, rubbish, trash, or unsightly materials of any kind shall be stored, regularly placed, or allowed to remain on any portion of the Properties unless adequately screened or contained as approved by the Architectural Control Committee, except that trash, leaves, tree limbs, materials for trash or recycling pick-up and similar items may be kept or placed temporarily and only for such time as is reasonably necessary to enable the applicable Governmental Authority or appropriate private entity to remove same, and inoperable motor vehicles may be stored only if the same are kept

entirely in an enclosed garage or other building. Provided, however, and notwithstanding anything to the contrary herein, (i) trucks and/or other construction vehicles, materials and equipment operated by/used by Declarant and any Builder, shall be allowed to remain on the Properties temporarily during construction of roads, utilities, Dwellings and other Improvements in the Properties, and (ii) such vehicles, materials and equipment also may be allowed to remain on the Properties during construction or maintenance on Improved Lots and the Improvements thereon, which have been approved by the Architectural Control Committee.

Section 3. Nuisances. No noxious or offensive activity shall be conducted upon any portion of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community or any part thereof, or to any person lawfully residing in the Subdivision. Provided, however, the usual, customary or reasonable use and maintenance of a Lot, a Dwelling, or any Common Elements shall not constitute a nuisance. Further provided, the development of the Properties by Declarant and Builders, and the usual, customary or reasonable construction and maintenance of Dwellings and other Improvements in the Properties shall not constitute a nuisance. Further provided, the operation and use of the Common Elements in the manner required or allowed by the provisions of the Declaration shall not constitute a nuisance.

Section 4. Animals. No animals of any kind (including livestock, reptiles or poultry) shall be kept on any portion of the Properties or in any Dwelling except for dogs, cats or other domestic household animals which are not used for breeding or other commercial purposes, and provided that they do not create a nuisance (in the judgment of the Board), by number or type of animals, noise, odor, damage or destruction of property, animal waste, or any other reason, and further provided that they are kept in compliance with all Legal Requirements and such Rules and Regulations and Board policies pertaining thereto as the Association may adopt, which Rules and Regulations or Board policies may include requirements that animals be kept on a leash or otherwise restrained or confined whenever they are anywhere on the Properties other than on the Lot of the Person who owns the animals, on other Lots with the permission of the Owners of those Lots, or on other areas specifically designated for animals not on leashes, that animals be restrained or confined inside a fence or other restraint when on a Lot outside of the Dwelling, and which may prohibit the keeping of animals on the Properties that are excluded from coverage or subject to reduced coverage under liability insurance policies generally available for the Properties. The Board may require any Owner to furnish the Board with evidence that a particular animal is not excluded or subject to reduced coverage under the liability insurance policy maintained by such Owner for that Owner's portion of the Properties, and the Owner shall furnish the Board with the required evidence (in the form of a copy of the applicable policy or such other evidence reasonably satisfactory to the Board) within ten (10) days following the date on which the Board gives a notice to the Owner that it is requiring same. Provided, however, no Board member shall have any liability for any failure of the Board to adopt a Restriction or Rule or other rule or regulation that prohibits the keeping of a particular type or breed of animal. The Owner responsible for an animal being on the Properties promptly shall clean up or remove from any portion of the Properties not owned by such Owner all solid bodily wastes from that animal.

No animal determined to be dangerous, in the Board's sole and absolute discretion, may be brought onto or kept on the Property at any time. The Board may remove without notice any animal that presents an immediate danger to the health, safety or property of any Owner or occupant of the Property.

Each Owner who keeps an animal on the Property agrees to indemnify and hold the Declarant (and its members, managers and agents) and the Association (and its directors, officers, committee members, and agents) harmless from any loss, claim or liability of any kind whatsoever, including court costs and reasonable attorney's fees, arising out of or resulting from such animal, including any actions of the animal. An easement over and upon the Properties hereby is reserved for the applicable Governmental

Authority to exercise and enforce Legal Requirements relating to animal control.

Section 5. Antennas; Aerials; Satellite Dishes. The Owner of each Lot shall have the right to install, maintain and use on such Lot one antenna, aerial, or satellite dish to receive video programming that is (i) not larger than one meter in diameter, (ii) blends with the color of the roof or wall where it is installed, and (iii) is installed on the rear roof or wall of the residence constructed on the Lot. No other exterior antennas, aerials, satellite dishes or other reception device shall be constructed, installed, placed or affixed unless approved in accordance with the architectural approval procedures contained in this Declaration. Installation of an antenna deviating from the above provision shall be approved pursuant to the architectural control provisions if reasonably necessary to permit the reception of an acceptable quality signal. HAM radios, two way radios and other hobby or professional radio communication transmission equipment are prohibited.

Declarant or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus of any size for a master antenna, cable, or other communication system for the benefit of all or a portion of the Property.

Section 6. Clotheslines. No exterior clothesline of any type shall be permitted on any portion of any Lot.

Section 7. Lighting. Exterior lighting visible from the street shall not be permitted except for: (1) lighting allowed by Approved Plans; (2) street lights in conformity with an established street lighting program for the Property; (3) seasonal decorative lights provided such lights are installed no more than 30 days prior to a holiday and removed no later than 30 days after a holiday; (4) front house illumination of model homes; or (5) landscape lighting provided it is a clear, white light.

Section 8. Mailboxes Prohibited. No mailbox shall be installed for any Lot. The Recreational Amenities allocated as Limited Common Areas may contain mail kiosks for Lot Owners.

Section 9. Play Equipment. Recreational and playground equipment shall not be placed on the front or side yard of any Lot nor in the rear of any Lot adjacent to the Common Areas without prior written consent of the Reviewer. Materials, colors and other specifications shall be as provided in the Architectural Guidelines and otherwise approved by the Reviewer.

Section 10. Signs. No sign of any kind or character shall be placed or erected on any portion of any Lot, or displayed to the public on any portion of any Lot, without the prior written consent of the Reviewer, except for customary name and address signs, one customary "for sale" or "for rent" sign advertising a Lot for sale or rent, as applicable, and any sign required by Legal Requirements, and allowable signs shall conform to applicable requirements in the Architectural Guidelines or as imposed by the Reviewer. The sign restrictions herein stated include signs within a building located on any Lot in a location from which the same shall be visible from outside the Lot and signs in or upon any motor vehicle in the Property. Notwithstanding the foregoing, Builders, for so long as they own any Lot(s) or have the right to purchase the same from Declarant, shall be allowed to erect customary and typical Builder sales, identification, model and marketing signs, flags and banners, on Lots they own or on the Common Area.

Section 11. Stoops, Driveways, Decks, Porches, Side Porches, Patio Areas and Storage Sheds. Grills, patio furniture and potted plants may be permitted on Patio Areas and Decks, subject to local ordinances and any rules promulgated by the Association with respect thereto; provided such grills, patio furniture or potted plants are not visible outside the Lot, and any grills, patio furniture or potted plants which are visible outside the Lot must receive the prior approval of the ACC. In addition, any items placed on Stoops, Porches, Side Porches and Driveways must comply with any rules promulgated by the

Association with respect thereto. Detached storage buildings, sheds or animal pens are prohibited.

Section 12. Swimming Pools. No swimming pool shall be constructed, erected or maintained on any Lot without prior approval of the ACC. In no event shall above ground swimming pools be allowed on any Lot. No spa, Jacuzzi or whirlpool tub shall be constructed, erected or maintained on any Lot without prior approval of the ACC.

Section 13. Flags. Flags may not be flown on any Lot except as expressly provided in this Declaration or as approved by the Board in its sole discretion from time to time.

Section 14. Trash Containers and Collection. No garbage or trash shall be placed or kept on the Property except in screened, enclosed, or covered containers of a type, size and style which are approved by the Board of Directors or as required by Legal Requirements, and subject to rules promulgated by the Association. No person shall burn rubbish, garbage or any other form of solid waste on any Lot or on Common Areas or within the right of way of any street in the Property.

Section 15. Trees. No healthy living trees having a diameter of six (6) inches or more measured from a point two (2) feet above the ground, and no flowering tree, shrub, evergreen, or natural ground cover, shall be removed from any Improved Lot, unless such removal is approved by the ACC.

Section 16. Vehicles and Parking. The term "vehicles" as used in this section shall include without limitation automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Property except upon a driveway, a designated parking space or within a garage. No Person shall park any commercial vehicles, recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, or other oversized vehicles, stored vehicles or unlicensed or inoperable vehicles within the Property, with the exception of (a) emergency vehicle repairs, commercial vehicles, construction vehicles or delivery vehicles which are temporarily parked for the purpose of servicing a Lot or the Property and (b) commercial vehicles owned, leased or used by an Owner in connection with their employment or business. Only two-axle automobiles and two-axle trucks may be parked on driveways.

All Owner and occupant vehicles must be kept and stored when not in use within the Lot's garage space or driveway. The Association may promulgate rules regarding parking in the Property.

This Section 16 shall not apply to Declarant and Builders as they develop/construct on their respective Lots.

Section 17. Window Air-Conditioners. No air-conditioner shall be installed in any window of any building located on any Lot, nor shall any air-conditioner be installed on any building located on any Lot so that the same protrudes through any exterior wall of such building.

Section 18. Window Treatments. No bed sheets, towels, newspaper, tin foil or similar materials may be used as window treatments.

Section 19. No Subdivision of Lots. Except as set forth in Section 12 of Article VII as to Builders, and except that Declarant may subdivide its Lots, no Lot may be further subdivided into any smaller Lot.

Section 20. Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of the Board of Directors, will best affect the intent of the general Development Plan and maintenance herein set forth.

Section 21. Wetlands. Portions of the Property may have been determined to meet Legal Requirements for designation as a regulatory wetland. Notwithstanding anything to the contrary that may appear herein or in any other restrictive covenants applicable to such portions of the Properties, and whether or not the Approved Plans for any improvements on the portion of the Properties on which such wetlands are located are in compliance with applicable wetlands rules, any subsequent fill or alteration of any portion of the Property that has been determined to be a regulatory wetland under Legal Requirements shall conform to the requirements thereof in force at the time of the proposed alteration. The intent of this Section is to prevent additional wetland fill or alteration except as allowed under Legal Requirements, so the Owner of any such portion of the Property should not assume that any application for fill or alteration of a wetland will be approved. The Owner of any portion of the Property subject to any such future application shall report the name of the subdivision, together with the name of the particular phase, section or subdivision within the Property, if any, in any application pertaining to wetland rules. The provisions of this Section are intended to ensure continued compliance with wetland rules under Legal Requirements and this Section may be enforced by the United States, State of North Carolina or any other governmental entity having jurisdiction over the subject wetlands.

Without limitation, Owners of all portions of the Property subject to any regulatory buffer requirements (for example any buffer requirements that apply along the Intracoastal Waterway, if any) shall at all times comply with same, whether or not the Approved Plans for any improvements comply therewith.

Section 22. Hunting; Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows and/or other weapons within the Properties is prohibited, unless required for safety or personal protection reasons.

Section 23. Leases. Each Dwelling shall be used for rental occupancy or for permanent residential occupancy by an Owner. Leasing or rental activity in connection with a Dwelling shall not be considered a commercial use. Dwellings/Lots may be made available to the public for rental when not occupied by the Owner thereof or individuals designated by such Owner. Owners and lessees must comply with all of the provisions of this Declaration and the Rules and Regulation from time-to-time promulgated by the Association. Leasing of Dwellings/Lots shall not be subject to approval of the Association and/or any other limitation, other than as expressly provided in the Declaration, including in **Exhibit B-1** of this Declaration (Specific Leasing Provisions). Any and all lease or rental agreements between an Owner and a lessee of such of such Owner shall be in writing and must (i) be for residential purposes and (ii) be for not less than the entire Lot and Dwelling and (iii) provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and other Governing Documents (provided, however, this Declaration and other Governing Documents shall apply to all such leases, whether or not so stated therein). Lessees shall comply with the covenants, terms, conditions and restrictions of the Declaration (and all exhibits attached to the Declaration) and with any and all Rules and Regulations adopted and/or amended by the Association from time to time. A violation of any of the terms of any of the foregoing documents shall constitute a material breach of the lease and shall constitute grounds for damages, termination and eviction. The Owner will be jointly and severally liable with the lessee to the Association for any amount which is required by the Association to repair any damage to the Common Areas (including Recreational Amenities) resulting from acts or omissions of tenants (as determined in the sole discretion of the Association) and to pay any claim for injury or damage to property caused by the negligence of the tenant and a special individual assessment may be levied against the Dwelling and applicable Lot therefor. All tenancies are hereby made subordinate to any lien filed by the Association whether prior or subsequent to such lease. During the time a Dwelling and Lot is leased or occupied by others, the Owner(s) shall not have the right to use the Common Areas including the Recreational Amenities, except as a guest of another Owner or the lessee. Every Owner, by acceptance of a deed for any Lot in the Community, acknowledges and agrees that the Lots and Dwellings may be leased as contemplated herein, including for the short term

as provided herein including on **Exhibit B-1**, and including as further regulated under the Rules and Regulations if applicable.

Section 24. Groundwater Restriction. Groundwater may not be used for irrigation or otherwise on any Lot for any purpose. Notwithstanding the foregoing, the Association shall have the right but not the obligation to use groundwater for irrigation of Common Area in the Community, so long as the groundwater supply well location is located a distance greater than five hundred (500) feet from the any property registered with the North Carolina Brownfield Program and provided further the groundwater supply well is installed in a deep confined aquifer system.

Section 25. Rules and Regulations. As part of the general plan of development for the Properties, the Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions. Within that framework, the Declarant, Board, and Members need the ability and flexibility to supplement this Declaration with additional Rules and Regulations and to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. This section does not apply to Board policies relating to use and operation of the Common Elements adopted by the Board unless the Board in its discretion chooses to submit to such procedures. This section does not apply to administrative policies which the Board adopts to interpret, define or implement the Rules and Regulations or other Governing Documents, nor does it apply to Architectural Guidelines.

All Owners and other Occupants of all portions of the Properties and their guests and invitees shall abide by the Rules and Regulations. Compliance with the Rules and Regulations may be enforced in the same manner and to the same extent that this Declaration provides for enforcement of this Declaration, and any Person determined by judicial action to have violated the Rules and Regulations shall be liable to the Declarant or Association or other applicable Person for all damages and fines, including all costs incurred in seeking and enforcing applicable legal remedies, including reasonable attorneys' fees.

Subject to the terms of this section and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt, amend, modify, cancel, repeal, limit, create exceptions to, add to, or expand the Rules and Regulations. The Board shall give notice to each Owner concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Owners shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. During the Development Period, no action taken by the Board pursuant to this subsection shall be effective unless approved in writing by the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder.

Prior to any such action taken by the Board becoming effective, the Board shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner, which notice shall state the effective date of the action, which shall be not less than thirty (30) days following the date on which the action is taken by the Board. The Association shall provide to any requesting Owner (but not to more than one Owner of a Lot), without cost, one copy of the Rules and Regulations then in effect, together with the action taken by the Board. Additional copies may be provided by the Association upon payment of a reasonable charge as established by the Board. The action taken by the Board shall become effective on the later of the 31st day after the action is taken by the Board or such later effective date specified in the notice, unless, prior to the effective date, Members representing more than 50% of the total number of votes in the Association disapprove such action at a meeting or in writing to the Board. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon receipt, prior to the effective date of the action taken by the Board, of a petition of the Members as required by the Governing Documents for special meetings of the Association or a written request from the

Declarant. Upon such petition of the Members or written request from the Declarant prior to the effective date of any Board action under this Section, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

Alternatively, when they have a right to vote under this Declaration, Class A Members representing more than 50% of the total number of votes in the Association, at an Association meeting called for such purpose, may vote to adopt rules that modify, cancel, limit, create exceptions to, add to, or expand the Rules and Regulations then in effect. Provided, however, during the Development Period no such action shall be effective without the written approval of the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder. Upon such action being taken by the Class A Members, the Board shall notify each Owner of the new rule or explanation of any changes to the Rules and Regulations, and the action taken by the Members shall become effective on the later of the 31st day after the action is taken by the Members or such later effective date specified in the notice.

No action taken by the Board or Class A Members under this Article shall have the effect of modifying, amending, repealing, limiting, or expanding the Architectural Guidelines or any provision of this Declaration or other Governing Documents. During the Development Period, no such action shall be effective unless approved in writing by the Declarant, and for so long as a Builder owns any Lot or has the right to purchase a Lot from Declarant, no such action shall be effective without the written approval of the Builder. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

Notwithstanding the foregoing procedures for amending the Rules and Regulations, and notwithstanding anything to the contrary elsewhere in this Article or this Declaration, during the Development Period the Declarant, in its sole discretion and without any prior notice to any Person, may adopt, amend, modify, cancel, limit, create exceptions to, add to, or expand the Rules and Regulations, including Board Policies; provided, however, that if Declarant is to do so, Declarant must obtain the written consent of any Builder that owns any Lot or has the right to purchase a Lot from Declarant. Prior to any action taken by the Declarant under becoming effective, the Declarant, or the Board at the direction of the Declarant, shall give notice of the new rule or explanation of any changes to the Rules and Regulations to each Owner (notice sent to any one Owner of a Lot being sufficient notice), which notice shall state action taken and the effective date of the action, which date may be any time on or after the date on which the action is taken by Declarant.

All Owners are given notice that use of their Lots and Dwellings is subject to the Rules and Regulations as modified from time to time. By acceptance of a deed, each Owner acknowledges and agrees that the use and enjoyment and marketability of such Owner's Lot and Dwelling can be affected by this provision and that the Rules and Regulations may change from time to time. All Owners hereby are notified that, as provided for herein, the Declarant or the Board or the Members may adopt Rules and Regulations or changes to any Rules and Regulations in effect at any particular time.

Except as may be set forth in the Governing Documents, all Rules and Regulations shall comply with the following provisions (and no Rule or Regulation may contradict an express provision in this Declaration):

- (a) Similarly situated Owners shall be treated similarly, the determination of which Owners are similarly situated being in the reasonable judgment of the Declarant or Board, as applicable (it being acknowledged and agreed that different types of Dwellings are subject to different levels of costs, service and regulation)

(b) The rights of Owners to display religious and holiday signs (the word “sign” or “display” as used in this Declaration includes signs, banners, flags (including a flag of the United States of America, a United States flag, a North Carolina flag, or other flag), symbols, decorations, and other displays) inside Dwellings shall not be abridged, except that there may be rules regulating the number, size, time, and place and manner of posting or displaying such signs that are located outside of or are visible from outside of the Dwelling, including regulation or specification of design criteria (for example, color, style, materials). No rules shall regulate the content of political signs; however, rules may regulate the number, size, time, place and manner, and length of time, of posting or displaying, such political signs that are located outside of or are visible from outside of the Dwelling, including regulation or specification of design criteria (for example, color, style, materials). Signs required by Legal Requirements to be posted or displayed, and signs prohibited by Legal Requirements from being excluded or prohibited shall be allowed (for example, a street number sign for a Dwelling required by a Governmental Authority). However, to the extent that it would not violate the Legal Requirement, rules may regulate the number, size, time, and place and manner of posting or displaying, such signs, including regulation or specification of design criteria (for example, color, style, materials).

(c) No rule shall alter the allocation of financial burdens among the various portions of the Properties or rights to use the Common Elements to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Elements available, from adopting generally applicable rules for use of Common Elements, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Elements, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided herein.

(d) No rule shall prohibit leasing that is consistent with the terms and provisions on Exhibit B-1 or the creation of a leasing program for similarly consistent leasing, or the transfer of any Dwelling, and no rule shall require consent of the Association or Board for leasing or transfer of any Dwelling; provided, however, rules may require such other rules with respect to leases as are reasonably adopted by the Declarant or the Board.

(e) No rule shall require an Owner to dispose of personal property that was in a Dwelling or on a Lot prior to the adoption of such rule if such personal property was in compliance with all rules and Legal Requirements previously in force. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who become Owners after adoption of the rule.

(f) Without the written consent of Declarant, no rule or action by the Board or Members shall restrict, impair, prohibit, exclude, impede, interfere with, or in any way adversely affect any Special Declarant Right or other right of Declarant.

The limitations in subsections (a) through (f) of this Section shall only limit the rule making authority exercised under this Section; they shall not apply to other Sections and provisions of this Declaration.

Section 26. Exclusion for Declarant. Notwithstanding any other provision of this Declaration or any other Governing Documents, Declarant, during the Development Period (and thereafter, the Board) has the right, permanently or temporarily (as determined in the discretion of Declarant or the Board, as applicable) to waive any one or more of the provisions of this Article with respect to construction or maintenance of any improvements in the Properties, except that there shall be no waivers with respect to soil erosion controls and Legal Requirements. Any such waiver granted by the Declarant to a Builder or other Person during the Development Period shall be binding on the Board after the Development Period

has ended.

**ARTICLE IX
GENERAL MAINTENANCE
(Townhomes being separately and specifically addressed in Article XIV)**

Section 1. Association's General Maintenance Responsibility. The Association shall keep in good condition, order and repair the Common Area, including but not limited to the private streets, drives and alleyways as shown on the Plats, sidewalks and rights of way, curbing, detention/retention ponds, bulkheads, all entry features and entry landscaping, whether or not such features and landscaping are on a Lot, privately owned property or in the right of way and all street signage and street lights, and any other or any Common Areas and Limited Common Areas. The Association may be relieved of all or any portion of its maintenance responsibilities to the extent that such responsibility is assumed and carried out by any local, state or federal government or quasi-governmental entity accepting responsibility for such maintenance. In the event of any such assumption, assignment or dedication, however, the Association may reserve or assume the right or obligation to continue to perform all or any portion of its maintenance responsibilities, if the Board determines that such maintenance is desirable or necessary to maintain the Community Wide Standards. In the event that the Association determines that any maintenance which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance and all costs thereof may be assessed against the Owner as a specific assessment.

The Board of Directors, in its sole discretion, may leave portions of the Common Area as undisturbed natural areas and may change the landscaping on the Common Area at any time and from time to time, including the adding or modifying of landscaping improvements, such as the planting of seasonal flowers. Any common irrigation system installed by the Declarant or the Association for the use by the Association shall be operated, maintained, repaired and replaced by the Association.

If and to the extent the following portions of the Common Area are not maintained adequately (in the opinion of the Board) by a governmental entity, the Association shall also maintain the following Common Area (whether or not constituting Common Areas), including: (a) entry features to the Property; (b) streets, parking areas and sidewalks; (c) perimeter fencing; and (d) landscaping within public street rights-of-way abutting the Property; (e) Stormwater Control Measures; and (f) Recreational Amenities. Additionally, the Association has the right, but not the obligation, to maintain the front, rear and side yards of Lots and to provide for trash and debris removal.

In the event that the Association determines that any maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the occupant, family member, guest, invitee or lessee of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof not paid for by insurance shall be assessed against the Owner as a specific assessment.

Section 2. General Owner Responsibility. Except where the Association has the express obligation to do so under this Article IX or under Article XIV (Townhomes), each Owner shall maintain and keep in good repair all landscaping and yard maintenance not otherwise the responsibility of the Association, as well as all other exterior portions of the Lot, including windows, exterior lighting, painting, roofing, stoops, patios, porches, decks and all structures, driveways, parking areas, and any other improvements comprising the Lot in a manner consistent with the Community Wide Standards and all Governing Documents. Owners shall keep their Lot free from all litter, trash and refuse. In the event the Board of Directors determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner

is responsible, the Association shall, except in emergency situations, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair or replacement, or in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions herein, the Association may provide such maintenance, repair or replacement and all costs thereof shall be assessed against the Owner as a specific assessment. In an emergency situation, the Association may perform the necessary maintenance, repair or replacement without any prior notice to the Owner responsible for such maintenance, repair or replacement, and such Owner shall be liable for the costs thereof.

Section 4. Individual Insurance. Except where the Association has the express obligation to insure under Article XIV (Townhomes), each Owner, by virtue of taking title to a Lot subject to this Declaration, acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots and each Owner covenants and agrees with all other Owners and with the Association that each Owner will carry at all times all-risk casualty insurance on the Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an all-risk policy, if reasonably available, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

**ARTICLE X
MORTGAGEE PROVISIONS**

Section 1. Notice of Action. An institutional holder, insurer, or guarantor of a mortgage or deed of trust encumbering a Lot or Lots, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number as shown on the applicable Plat, and the street address of the Lot, therefore becoming an "eligible holder"), will be entitled to timely written notice of (a) any condemnation loss or any casualty loss which affects a material portion of any Lot on which there is a mortgage or deed of trust held, insured, or guaranteed by such eligible holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a mortgage or deed of trust, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days, and any lapse, cancellation, or material modification of any insurance policy on such encumbered Lot maintained by the Association.

Section 2. Audit. Upon written request of any institutional holder of a First Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements of the Association within 120 days of the date of the request.

Section 3. No Priority. No provision of this Declaration or the Bylaws gives any Owner or other party priority over any rights of a Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Areas.

Section 4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of

the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 5. Mortgagees Not Obligated to Collect Assessments. No Mortgagee shall have any obligation to collect any assessment under the Declaration.

**ARTICLE XI
AMENDMENT**

Section 1. Amendment by Declarant. In addition to specific amendment rights, if any, granted or reserved elsewhere in the Declaration, during the Development Period, Declarant may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment or may record an amended and restated version of the Declaration that incorporates any such amendment. Amendments to the Declaration contemplated herein shall include but are not limited to satisfying the requirements of FHA, VA, FNMA, FHLMC, OILSR or other governmental agency, Secondary Mortgage Market Agency or Institutional Lender, establishing or maintaining the tax exempt status of the Association under the laws of the United States or the State of North Carolina, or amending the Declaration as may be necessary to prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction, or to add or delete provisions to or from the Declaration as may be necessary to prevent it from being declared invalid under any Legal Requirement or by any court of competent jurisdiction. Any amendment to the Declaration adopted by the Declarant shall be effective upon the later of the effective date contained therein or the date of its recording in the Registry.

Section 2. Amendment by the Members. Unless amended as allowed under Section 1 of this Article, the Declaration may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by Legal Requirements, the Declaration may be amended only by (i) the written agreement or consent of those Members, or the affirmative vote at a meeting of the Association of those Members, who hold sixty-seven percent (67%) or more of the total number of votes in the Association, and (ii) during the Development Period, with the written consent of Declarant.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to the Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days and not more than sixty (60) days in advance of the date of such meeting.

(c) When any amendment to the Declaration is approved by Members of the Association (and Declarant, when applicable) as provided in this Section, the appropriate officers of the Association (and Declarant, when applicable) shall execute in the same manner as a deed and record in the Registry, a document setting forth the following: the amendment; the effective date of the amendment (if no effective date is stated the amendment shall be effective upon the recording of same in the Registry); and if applicable, the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting, the total number of votes present at such meeting, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. The document shall be recorded in the Registry within thirty (30) days following the date of the meeting at which the amendment was adopted or the written agreement for the amendment is completed. Provided, however, and notwithstanding the foregoing or anything to the

contrary appearing herein, no amendment to the Declaration duly adopted by the Members of the Association shall be void or invalid solely because the document describing the amendment is not recorded in the Registry within said thirty (30) day period, and any such duly adopted amendment to the Declaration recorded following the end of said thirty (30) day period shall become effective on the later of the effective date specified therein, if any, or on the date it is recorded in the Registry.

(d) Amendment of Subdivision Declarations and Supplemental Declarations shall be governed by the provisions for amendment contained therein, if any; otherwise, the provisions regarding amendment of the Declaration shall apply to amendment of those documents.

Section 3. Consent of Mortgagees. No consent of any Mortgagee to any amendment of the Declaration is required unless (i) the amendment adversely affects the rights of Mortgagees under the Declaration, or (ii) a Legal Requirement requires the consent of Mortgagees or a percentage of Mortgagees, or (iii) the mortgage held by such Mortgagee specifically requires the Mortgagee's consent with respect to the portion of the Property subject to the mortgage, and if either (ii) or (iii) is applicable, the Mortgagee has notified the Association of its rights regarding consent to amendments in the same manner required for an Mortgagee to notify the Association in the Article of the Declaration dealing with Mortgagee Provisions. If the amendment is adopted by the required percentage of Members exclusive of the Member or Members who own portions of the Property for which consent of a Mortgagee is required under this Section, then the amendment is valid whether or not the necessary Mortgagees have consented to the amendment.

Section 4. Prohibited Effects of Amendment. Notwithstanding the provisions of Sections 1, 2 and 3 of this Article allowing amendments to the Declaration, no amendment to the Declaration, whether adopted by the Declarant, by the Association, or by the Members or any applicable group of Members of the Association, shall do or result in any of the following:

(a) without the written consent of Declarant, diminish, impair, or in any way affect the rights of Declarant, including Declarant's rights to develop any part or all of the Property in accordance with a Subdivision Plan;

(b) without the written consent of Declarant, impose additional obligations upon Declarant;

(c) diminish or impair the express rights of Mortgagees under the Declaration without the prior written approval of a majority of the Mortgagees who have requested the exercise of such rights as provided herein;

(d) terminate or revise any easement established by the Declaration, without the written consent of the Person benefitted by the easement or by the Owner of the portion of the Properties benefitted (and/or, with respect to a revision, burdened) by the easement, whichever is applicable;

(e) without the consent of the City, terminate, reduce, amend, revise, or alter any obligation of the Association or the Members of the Association under the Code or under any Stormwater Agreement, encroachment agreement, or other agreement entered into with the City by the Association or, as allowed by the Declaration, by the Declarant on behalf of the Association;

(f) alter, remove, or attempt to alter or remove any other applicable Legal Requirement.

**ARTICLE XII
DURATION OF DECLARATION; DISSOLUTION OF ASSOCIATION**

Section 1. Duration. Unless sooner terminated as required by Legal Requirements, the Declaration shall run with and bind the Property and each Owner, and shall inure to the benefit of the Association, and each other Owner of any portion of the Property, and their respective heirs, successors, and assigns, from and after the recording of the Declaration in the Registry until such time as it is terminated by a written termination agreement, executed or ratified in the same manner as a deed, by those Members who hold eighty percent (80%) or more of the total number of votes in the Association, and also with the written consent of Declarant during the Development Period. Execution or ratification by any one of multiple Owners of a Lot is sufficient for that Lot unless, prior to the time the termination agreement is recorded in the Registry, any other Owner of that Lot files with the Association a written objection to the termination of the Declaration (in which event the vote allocated to that Lot shall be considered as not having been exercised). The termination agreement shall specify a date after which it will be void unless it is recorded in the Registry before that date. The termination agreement may not be recorded in the Registry unless and until the requisite number of signatures have been obtained as provided herein, and it shall be effective only upon recording. If, pursuant to the termination agreement, any real estate in the Property is to be sold following termination of the Declaration, the minimum terms of the sale shall be set forth therein.

Section 2. Dissolution of the Association. The Association shall be dissolved upon the termination of the Declaration. Provided, however, until any sale of the Common Property authorized by the termination agreement or approved by the Owners in the same manner as required for approval of the termination agreement is completed and the sale proceeds distributed, the Association shall continue in existence with all of the powers it had before termination. The Association, on behalf of the Owners, may contract for the sale of the Common Property, but the contract is not binding unless such sale has been authorized in the termination agreement or it has been approved by the Owners in the same manner as required for approval of the termination agreement. Proceeds of the sale of Common Property shall be distributed to the Owners and lienholders as their interests may appear, as provided in the termination agreement or other agreement approved by the Owners in the same manner as required for approval of the termination agreement. If the Common Property is not to be sold following termination of the Declaration, title to the Common Property vests in the Owners upon termination, as tenants in common in proportion to their respective interests as provided in the termination agreement.

Upon dissolution of the Association or upon loss of ownership of all of the Common Property by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Property as allowed by the Declaration, or by reason of merger and/or consolidation with any other association as allowed by the Declaration), except as otherwise provided in the termination agreement, other agreement approved by the Owners in the same manner as required for approval of the termination agreement, or Legal Requirements (in particular, Section 47F-2-118 of the Act, or any successor Section of the Act), any portion of the Common Property not under the jurisdiction of and being maintained by another association substantially similar to the Association, together with all other assets of the Association, first shall be offered to the Town of Beaufort (or, if the Town of Beaufort refuses such offer, then to some other appropriate Governmental Entity or public agency as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Property and such assets were required to be devoted by the Association. If the Town of Beaufort or such other appropriate Governmental Entity or public agency accepts the offer of dedication, such portion of the Common Property and assets shall be conveyed by the Association to the Town of Beaufort or such other appropriate Governmental Entity or public agency, subject to the superior right of an Owner to an easement (if necessary) for reasonable ingress and egress to and from such Owners Lot and the public or private street(s) on which that Lot is located, subject to all other applicable rights of way and easements, and subject to ad valorem property taxes subsequent to the date of such conveyance.

If the Town of Beaufort or such other appropriate Governmental Entity or public agency refuses

the offer of dedication and conveyance, the Association may transfer and convey such Common Property and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Property was required to be devoted by the Declaration, such transfer and conveyance to be made subject to the rights of Owners and the other matters set forth in the immediately preceding paragraph of this Section. If there is no nonprofit corporation, association, trust or other entity who will accept such transfer and conveyance of the Common Property and assets of the Association, then such Common Property and assets shall be distributed as provided in the plan of termination/dissolution adopted by the Association.

**ARTICLE XIII
DISCLOSURES AND WAIVERS**

The following are in addition to any other disclosures and waivers in the Declaration.

Section 1. Construction Activities. All Owners and other Persons who use the Property hereby are placed on notice that Declarant, Builders and/or their respective agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, from time to time, conduct blasting, excavation, construction, and other activities within the Property. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, such Owners and such other Persons acknowledge, stipulate, and agree: (i) such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (ii) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (iii) that Declarant, Builders and their respective agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shareholders, directors, officers, partners, members, managers, agents and employees shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (iv) that any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing; and (v) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of the Property.

Section 2. Conveyance of Common Property. Declarant may convey or transfer all Common Property, including all improvements thereon, to the Association in an "AS IS, WHERE IS" condition. Declarant hereby disclaims and makes no representations, warranties or other agreements, express or implied, by law or fact, with respect to the Common Property and improvements thereon, including, without limitation, representations or warranties of merchantability regarding the condition, construction, accuracy, completeness, design, adequacy of size or capacity thereof in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials, furniture, or equipment used therein. Neither the Association nor any Owner or any other Person shall make any claim against Declarant, its successors and assigns, relating to the condition, operation, use, accuracy or completeness of the Common Property, or for incidental or consequential damages arising therefrom.

Declarant shall transfer and assign to the Association, without recourse, all warranties received from manufacturers and suppliers relating to any of the Common Property or improvements thereon, or relating to any personal property transferred by Declarant to the Association, which exist at the time of transfer and are assignable, but Declarant's failure to do so shall not constitute any grounds for any claim, cause of action or other legal recourse against Declarant for failing to do so, other than to compel Declarant to transfer or assign same.

Section 3. Liability for Association Operations. The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant, its successors and assigns, and its shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management and operations, including, without limitation, improvement, maintenance, and operation of Common Property and the collection of assessments.

Section 4. Public Facilities and Services. Certain facilities and areas within and adjoining the Properties may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenways, trails and paths, parks, and other locations conducive to gathering and interaction, roads, sidewalks, and medians. In addition to any such facilities and areas that are open for use and enjoyment of the public pursuant to Legal Requirements, Declarant may designate facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Property or the Board may so designate at any time thereafter.

Section 5. Safety and Security. Each Owner and occupant of a Dwelling, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each Person provides for himself or herself or itself and his or her or its property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, not that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing such Owner's tenants and all occupants of its Dwelling that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within Property assumes all risks of personal injury and loss or damage to property, including Dwellings and the contents of Dwellings, resulting from acts of third parties.

Section 6. View Impairment. None of Declarant, any Builder or the Association guarantee or represent that any view from, over, or across any portion of the Property will be preserved without impairment. None of Declarant, any Builder or the Association shall be obligated to relocate, prune, or thin trees or other landscaping except as otherwise required under a separate covenant or agreement, if any. The Association (with respect to the Common Property) has the right to add or remove trees and other landscaping to and from the Common Property, subject to Legal Requirements. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 7. Water Management. Each Owner and any other Person who uses any portion of the Property acknowledges and agrees that any or all bodies of water (including lakes, ponds, creeks, streams, and wetlands in the Property), together with any dams or other facilities or devices that contain, control, or direct such waters, may be designed as water management areas (including designation as Stormwater Measures) and not designed solely as aesthetic features, and that, with respect to those that are water management areas, due to fluctuations in ground water elevations within the immediate area and/or the receipt or discharge of stormwater, the water level of such lakes, ponds, and wetlands may rise and fall.

Each Owner and other such Person further acknowledges and agrees that Declarant has no control over such elevations. Therefore, each Owner and other such Person releases and discharges Declarant, and its successors, assigns, contractors, subcontractors, shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to such fluctuations in water elevations.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the perpetual, non-exclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the adjoining the Property to do any or all of the following: (i) install, operate, maintain, and replace pumps to supply irrigation water to the Common Areas; (ii) construct, maintain, and repair structures and equipment used for retaining water; and (iii) maintain such areas in a manner consistent with the Community Wide Standard.

Declarant further reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Lots (but not the Dwellings thereon) adjacent to or within 50 feet of bodies of water within or adjoining the Property, in order to do any or all of the following: (i) temporarily flood and back water upon and maintain water over such portions of the Property; (ii) alter in any manner and generally maintain the bodies of water within and adjoining the Property; and (iii) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage to a Lot resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

Owners and other Persons who use any portions of the Properties shall not alter, modify, expand, or fill any lakes, ponds, or wetlands located in the Property without the prior written approval of the local permitting authority, the City, the Association, the Declarant, the U.S. Army Corps of Engineers (to the extent it has authority), and such other governmental entities as may have relevant jurisdiction over such matters.

**ARTICLE XIV
TOWNHOMES**

In order to provide for the typical level of Association services for Townhomes in the Community in accordance with the Community Wide Standards and in recognition of the dependent nature of Townhome construction and day-to-day living, the terms, provisions and restrictions in this Article XIV apply to all Townhomes in the Community, in addition to (and without limiting) all other terms, provision and restrictions in this Declaration.

Section 1. Association Maintenance. The Association shall provide exterior building maintenance for the Townhomes and Townhome Buildings as follows: paint, stain, repair, replace and maintain of the exterior surfaces of Townhomes and the Townhome Buildings, including the painting of entry doors and the repair of siding (but excluding repair and replacement of entry doors and garage doors and their appurtenant hardware, excluding the repair of wall sheathing, and further excluding all exterior glass including windows and patio doors); repair, replace, and maintain roof shingles (but excluding maintenance, repair and replacement of other portions of the roof); repair and replace gutters and downspouts. Furthermore, and notwithstanding any other terms and provisions in this Declaration, including in Article IX, the Association shall likewise maintain all yards, lawn areas and grassy areas, and landscaped features and areas (including but not limited to plants, flowers, trees and bushes) located on the Townhome Lots and the same within all adjacent Common Areas and without limitation within the

street rights of way. The required maintenance shall include grass mowing, removal of weeds and grass clippings, fertilization and aeration, all to be performed in manner and frequency as determined by the Board of Directors. The cost of providing the repair and maintenance work described above, as well as reserves for the same, shall be assessed against the Townhome Lots as part of the Common Expenses under this Declaration. Owners, and not the Association, shall be responsible for watering their own lawns and landscaping on their Townhome Lots, and are subject to special individual assessment for failure to do so and for any resulting replacement costs incurred as a result of such failure.

Section 2. Owners to Obtain Townhome Casualty Insurance. Notwithstanding any terms and provisions in the Declaration and in any event in addition to the same, the following shall apply:

(a) Each Owner of a Townhome shall obtain and maintain a casualty insurance policy or policies on its Townhome for the benefit of the Owner, the Association and any Mortgagee(s) of such Townhome, as their interests may appear, and provisions shall be made for the issuance of certificates or Mortgagee endorsements to the Association upon request therefor by the Association. Each Townhome shall be insured in an amount equal to one hundred percent (100%) of its insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. In the event Owner fails to obtain and maintain insurance on its Townhome in accordance with this this Article XIV, the Board may obtain such insurance on behalf of such Owner and levy a special assessment against the Owner as provided in subparagraph (c) below.

(b) The insurance coverage required by this Article XIV shall provide protection against:

(i) Loss or damage by fire and other hazards, including extended overage, vandalism and malicious mischief, and

(ii) such other risks as from time to time shall be reasonably required by the Association.

(c) Premiums for all insurance policies purchased by the Association under this Declaration for a Townhome shall be assessed against the Townhome as a specific assessment. Deductibles shall likewise be paid as a specific assessment.

(d) All insurance policies purchased by the Owner of a Townhome shall be for the benefit of the Owner and their Mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee hereunder. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the Bylaws (if any) and for the benefit of the Owners and their Mortgagees in the following shares:

(i) If the insured casualty shall occur resulting in damage to a Townhome and Townhome Building, proceeds from insurance shall be held in undivided shares for the affected Owners of each Townhome in proportion to the cost of repairing the damage insured against in said policy.

(ii) In the event a mortgagee endorsement has been issued for a Townhome, the share payable towards the improvements to such Townhome shall be held in trust for the mortgagee as their interests may appear.

(e) Proceeds of insurance policies for the benefit of Owners that are received by the Association as insurance trustee shall be distributed in the following manner: First, to all expenses of the insurance trustee shall be paid or provision made thereof; next to defray the cost of the covered

repairs/improvements; and finally, if applicable, any proceeds remaining after defraying such costs shall be held in undivided shares for the affected Owners in proportion to the costs of repairing the damage or injuries suffered by each Owner, the cost of which shall be determined by the Association. If the insurance proceeds received by the Association (along with any reserves on hand) are insufficient to cover the cost of repair/replacements/damage to person and/or property, the Owner shall pay such additional cost. In the event Owner fails to pay such additional cost, the Board may levy a special assessment against the Owner affected to cover the deficiency, and in any event, the Owner shall pay their respective shortfall all so that the restoration/repairs may be completed.

(f) Notwithstanding anything to the contrary herein, the Association may in its sole discretion obtain and maintain a casualty insurance policy or policies on any Townhome Building for the benefit of the Owners and any Mortgagee(s) of such Townhome Building, as their interests may appear. In the event the Association obtains such insurance, it may levy a specific assessment against the Townhomes benefitted by such insurance.

Section 3. Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, Mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each Mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 4. Restoration After Casualty.

(a) The plans and specifications for any restoration shall be prepared by an architect licensed in the State of North Carolina. All plans and specifications required in connection with any restoration shall be subject to review and approval by the Architectural Control Committee and otherwise as required by this Declaration. Unless the Association and a majority of the voting interests of the Owners of the damaged Townhomes shall otherwise agree, plans and specifications for any restoration shall be consistent with the then existing building plans.

(b) If an Owner fails to cause the removal of debris and restoration of Improvements to be timely accomplished to comply with this Declaration, the Association shall provide written notice of such deficiency to such Owner. If the problem has not been remedied within a reasonable time (as determined by the Board of Directors), the Association shall have authority to cause such restoration to be performed, and any expenses incurred by the Association in connection therewith shall be charged to such Owner and shall be a special individual assessment against such Owner’s Lot.

(c) The rights granted to the Association in this Article in the event of any loss, damage or destruction of a Townhome constitute reasonable protections of property values and aesthetic appearance of the Townhomes, and each Owner agrees to comply with such terms, conditions and procedures as Association may impose.

(d) “Restoration Costs” means the cost of repairing, replacing, restoring or reconstructing all loss, damage or destruction to the applicable portion of the Lot and Townhome (including the deductible under any applicable insurance policies) or any part thereof, including all costs of adjusting the loss; inspections, investigations and reports as to the damage; permit and inspection fees, architectural and engineering fees; demolition, removal and disposal fees; costs of securing and protecting the portions of the Lot and Townhome to be restored; accounting fees and costs; and attorneys’ fees and costs; construction costs, and the Association’s fees and costs for reviewing the plans for the restoration and holding and disbursing the insurance proceeds and other funds.

Section 5. Party Walls.

(a) Wherever one Townhome is separated from another Townhome by a common, shared or party wall (“**Party Wall**”), the obligations of each Owner with respect to its Party Walls shall be governed by this Section 6. Each Party Wall shall be the joint obligation of each of the Owners of the adjoining Townhomes (“**Party Wall Co-Owners**”). Each Party Wall Co-Owner shall be responsible for the maintenance of the surface portion of the Party Wall which is contained within its Townhome. Any maintenance and the like, including repairs to the paint, plaster or drywall or gypsum wall board on the surface portion of the Party Wall which is contained within a Townhome, shall be the obligation of that Owner. Each Party Wall Co-Owner shall have the right to use the side of the Party Wall within the Owner’s Lot and Townhome in any lawful manner, including attaching structural or finishing materials to it; however, an Owner shall not create windows or doors or place heating or air conditioning equipment in the Party Wall without the consent of the other Party Wall Co-Owner. Any consent given to a Party Wall Co-Owner to create openings in the Party Wall shall be subject to the right of the other Party Wall Co-Owner to revoke its consent on 60 days’ prior written notice and close up such openings and/or remove such heating or air conditioning equipment. The Party Wall Co-Owners shall be jointly responsible for the structure of the Party Wall; i.e., maintenance and restoration of concrete block, rebar, mortar, tie beam, and all other elements of the Party Wall.

(b) Each Party Wall Co-Owner hereby grants to the other Party Wall Co-Owner, its successors and assigns, a perpetual non-exclusive easement and right of entry over and across its respective Lot and Townhome for the purposes of performing maintenance and restoration to the Party Wall, provided that any such easement is exercised after prior notice and during reasonable hours.

(c) To the extent not inconsistent with the provisions hereof, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. A Party Wall Co-Owner shall perform restoration of its Party Wall whenever a condition exists which may result in damage or injury to person or property if the restoration work is not undertaken. The cost of reasonable repair or maintenance of a Party Wall shall be shared by the Party Wall Co-Owners on each side of such Party Wall. If a Party Wall is destroyed or damaged by fire or other casualty, a Party Wall Co-Owner on either side of the Party Wall may restore it, and if the Party Wall Co-Owner on the other side thereafter makes use of the Party Wall, such other Party Wall Co-Owner shall contribute to the cost of restoration thereof in proportion to such use; provided that the forgoing provision shall not prejudice the right of any Party Wall Co-Owner to seek a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omission. Any amounts due and unpaid under this Section 6 shall bear interest at the rate of 18% per annum from the date due until paid in full.

(d) If at any time any Owner (hereinafter in this Subsection, the “**Non Performing Owner**”) shall not be proceeding diligently with any restoration required of it under this Declaration, then the other Owner(s) shall give written notice to the Association specifying the respect in which such Non Performing Owner is not proceeding diligently with his or her restoration work. If, upon expiration of 30 days after the giving of notice, the restoration work is not proceeding diligently, then the Association may perform such restoration in accordance with the then existing building plans and may take all appropriate steps to carry out the same, including entry onto the Lot of any Owner to the extent necessary to perform the restoration work. The Association shall be entitled to impose an Individual Assessment on the Party Wall Co-Owners responsible for the cost of such restoration.

(e) Each Owner agrees to indemnify the Declarant, the Association and the other Party Wall Co-Owner for injury or personal or property damage, when such injury or damage shall result from, arise out of, or be attributable to its failure to perform or comply with its duties and obligations under this

Section 6.

(f) In any transfer of title to a Townhome, the Owner of such Townhome (“**Grantor**”) and the purchaser (“**Grantee**”) of such Townhome shall be jointly and severally liable for all unpaid amounts pertaining to the Party Walls accrued up to the date of the conveyance without prejudice to the rights of the Grantee against the Grantor, but the Grantee shall be exclusively liable for those accruing after the conveyance. The lien rights of any Owner against another Townhome for amounts due under this Section 6 shall be subordinate to the lien of any Mortgagee and any assessment by the Association. If the Mortgagee or other purchaser acquires title as a result of a foreclosure or deed in lieu of foreclosure of a First Mortgage, the purchaser and any successors and assigns shall not be liable for the amounts which became due prior to the acquisition of title in the foreclosure action. Any unpaid amounts which cannot be collected as a lien against any Lot by reason of the provisions of this Section shall be divided between Party Wall Co-Owners, payable by and a lien against both Lots sharing the Party Wall, including the Lot as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

**ARTICLE XV
MISCELLANEOUS**

Section 1. Enforcement. The Declarant, the Association, each Owner, and, when enforcement rights are granted by the Declaration, a Mortgagee, shall have the right, but not the obligation, to enforce the Declaration by any proceeding at law or in equity (or otherwise, as provided in the Declaration) against any Person who has violated, is violating, or is attempting to violate, any part of the Declaration, either to restrain the violation, recover damages, or seek other available legal or equitable remedies. Any failure by the Declarant, the Association, an Owner, or any other Person to enforce the Declaration or seek any applicable remedy with respect to any specific violation or lien shall not constitute a waiver of the right to do so thereafter, nor shall it constitute a waiver of the right to enforce the Declaration at any other time with respect to the same or substantially similar matter. All rights, remedies and privileges granted to the Declarant, the Association, any Owner, or any other Person herein are cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not constitute an election of remedies or preclude subsequent exercise of other rights, remedies and privileges.

Section 2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of the Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent and final jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of the Declaration shall continue in full force and effect and shall not be affected thereby. To the extent that any provision of the Governing Documents is determined to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision without destroying its intent, then the narrower or partially enforceable provision shall be applied and, to the extent lawful, shall be enforced. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 3. Notice. Except as otherwise provided herein, whenever written notice to any Person (including Owners and Members) is required hereunder, such notice may be hand delivered to such Person, or given by first class United States mail, postage prepaid, or given in such other manner specifically allowed or required by Legal Requirements, or given in such other manner determined by the Board to be proper and which does not violate any Legal Requirements, addressed to the address of such Person appearing on the records of the Association or to the address for such Person appearing in the records of the Carteret County Tax Collector. Properly addressed notice shall be deemed to have been given by the Association as follows: (i) in the absence of any delays in delivery by the United States Postal Service resulting from acts of war or terrorism, on the third day following the date the notice was deposited in the

United States mail, first class postage prepaid; or (ii) on the date of personal delivery to the Person or an adult residing with the Person, as evidenced by a receipt signed by the Person or such other Person; or (iii) on the delivery date indicated on a return certified or registered mail receipt, or (iv) on the date indicated by the records of a national, regional or local same day or overnight carrier service, or (v) on the date acknowledged in writing by the recipient Person or other adult residing with such Person, or (vi) upon execution of a written waiver of such notice by the Person. Notice to the Association may be given and shall be deemed to have been given in the same manner as notice to a Person, when addressed to the principal business office of the Association or the property manager employed by the Association. It shall be the duty of each Owner and Member to keep the Association informed of such Owner's or Member's current mailing address and telephone number. If an Owner or Member has not provided the Association with such current mailing address the Association may use as the mailing address the street address of the Lot owned by such Owner or Member or the address for such Owner or Member in the records of the Carteret County Tax Collector. If no address for an Owner or Member is reasonably available to the Association, the Association shall not be required to give notice to such Owner or Member. Notice given to any one of multiple Owners of any portion of the Property shall be deemed to have been given to all of such Owners.

Section 4. Titles. The titles, headings and captions which have been used throughout the Declaration are for convenience only and are not to be used in construing the Declaration or any part thereof, except as necessary with respect to any cross-referencing of any provisions of the Declaration.

Section 5. Number and Gender. Whenever the context of the Declaration requires, the singular shall include the plural and one gender shall include all.

Section 6. No Exemption. No Owner may become exempt from any obligations imposed hereby by non-use or abandonment of the Common Property or any Lot owned by such Owner.

Section 7. Consent. Except as otherwise may be specifically required by the Governing Documents or Legal Requirements, where the consent of the Owner of a Lot is necessary, and such Lot is owned by more than one Person, the consent of any one of such Owners is sufficient.

Whenever the written consent of Declarant is required for the effectiveness of some action under the Declaration in addition to any required vote of the Members of the Association, the votes in the Association allocated to Declarant shall be counted in determining the vote of the Members, the written consent requirement being in addition to the voting requirement, whether or not Declarant actually participates in the voting.

Section 8. Subdivision Combination of Lots; Plat Re-recording. A Lot may be subdivided, and the boundaries of a Lot may be altered, only with the written consent of the Owner thereof and the Declarant (during the Development Period and, thereafter, the Board), and with any prior approval required of the City. Provided, however, and notwithstanding the foregoing sentence, such written consent of the Declarant is not required for leases, deeds of correction, deeds to resolve boundary line disputes or similar corrective instruments, or deeds or other instruments granting any easement, right-of-way or license to Declarant, the Association, the City or a public utility provider, provided that the number of then existing Lots in the Property is not changed by any such action.

One or more Lots may be combined into a single Lot, and a Lot may be subdivided into two or more Lots, only with the written consent of the Owner thereof and the Declarant (during the Development Period and, thereafter, the Board). When two or more Lots are combined into one Lot, the resulting Lot shall continue to be assessed and have voting rights in the Association based on the number of Lots that were combined into one Lot. When one Lot is subdivided into two or more Lots, the resulting Lots each

shall be considered as a separate Lot, and each shall be subject to assessments and have voting rights in the Association in accordance with the assessments and voting rights then applicable to a Lot. When the boundaries of two or more such Lots are changed but the resulting number of Lots is the same as the original number of Lots, the assessments and voting rights in the Association for those resulting Lots shall continue as they were immediately prior to the change. When two or more such Lots are combined into one lot, the easements reserved by the Declaration or a Plat around the boundaries of the former Lots shall continue in effect, except that any such easements reserved along the former common boundary line(s) between the combined parcels and not actually being exercised or used by any Person shall terminate. Provided, however, it shall be the responsibility of the Owner of such resulting Lot to obtain any documentation that is necessary or required to confirm such termination and to obtain termination or relocation of any such easements that are actually being exercised or used at the time of the combination of Lots. When a Lot is subdivided into two or more Lots, the easements established herein adjacent to the boundaries of a Lot shall apply to all of the resulting Lots.

Nothing contained herein shall prohibit or restrict the right of Declarant, during the Development Period to (i) subdivide, combine, re-subdivide or recombine, or to record or rerecord Plats relating to, any portion of the Property owned by Declarant, or (ii) to approve or disapprove such activities with respect to portions of the Property owned by other Owners. The provisions of the immediately preceding paragraph with respect to the effects of subdivision or combination of Lots are applicable to subdivision or combination of Lots owned by the Declarant unless the Declarant otherwise indicates on the plat of such subdivision or combination recorded in the Registry or in an instrument recorded in the Registry prior to the end of the Development Period.

Section 9. No Timesharing. No Dwelling in the Property shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to use or occupancy of the Dwelling rotates among participants in the program on a fixed or floating time schedule over any period of time.

Section 10. Association Contracts and Leases. All Association contracts and leases which affect or relate to the Property or any part thereof and which (i) are entered into prior to the time that the first Board elected by the Members takes office, and (ii) are not bona fide or were unconscionable to the Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after the first Board elected by the Members takes office, upon not less than ninety (90) days written notice to the other parties to the contract or lease (or any different minimum time period provided for in the Act), and all such commas and leases are terminable as provided in this Section, whether or not the right of the Association to terminate is stated therein.

Section 11. Conflicts. Whenever there exists a conflict among the Governing Documents of the Association, the provisions of the Declaration and thereafter, any applicable Supplemental Declaration or Subdivision Declaration, shall control, except as to matters of compliance with the Nonprofit Corporation Act, in which event the Articles shall control. Whenever there is a conflict between the provisions of the Articles and Bylaws, the provisions of the Articles shall control. The provisions of the Bylaws shall control over any conflicting provision of any rules and regulations, Board resolutions, or Architectural Guidelines. With respect to the foregoing, specific provisions shall control general provisions, except that a construction consistent with the Act, the Nonprofit Corporation Act and the Code shall in all cases control over any construction inconsistent therewith.

The provisions of the Code control over any conflicting provisions of the Declaration and any other Governing Documents. As applicable provisions of the Code are amended, modified, revised, deleted, or moved to different sections, the Declaration is deemed to be amended so as to conform to the

provisions of the Code as they exist from time to time and are applicable to the Properties or any part thereof.

Whenever the Act, the Nonprofit Corporation Act, or the Code provides for limitations on any amount of assessments, fines, late payment fees, charges, or attorney fees that may be assessed, fined, charged, imposed, or collected by the Association, and the amount of any such assessment, fine, late payment fee, charge, or attorney fee allowed or authorized by the Declaration or other Governing Documents (including any assessment, fine, late payment fee, charge, or attorney fee amount established by the Board as allowed by the Declaration or other Governing Documents) exceeds the applicable limitation of the Act, the Nonprofit Corporation Act, or the Code, unless the applicable limitation specified by the Act, the Nonprofit Corporation Act, or the Code is a mandatory limitation that cannot be exceeded by provisions in the Declaration or other Governing Documents allowing or providing for the possibility of a greater amount than the applicable limitation otherwise allows, the provisions of the Declaration or other Governing Documents control and are deemed to constitute an express provision contrary to the limitation contained in the Act, the Nonprofit Corporation Act, or the Code. The provisions of the Act and Nonprofit Corporation Act shall in all cases control over any conflicting provisions of the Code. The Governing Documents shall be construed together with the construction that avoids, as far as possible, conflicts among them.

For the purposes of this Article and any other references in the Declaration to similar conflicts, a 'conflict' is a situation in which the provisions in question cannot be reconciled or where enforcement of one provision necessarily would prohibit enforcement of another provision - for example, where one provision allows a certain action, and the other provision prohibits the same action. Two provisions that are different, but not mutually exclusive or prohibitive of each other do not constitute a conflict for the purposes of this Article - for example, where Legal Requirements or the Declaration requires a certain minimum Dwelling setback distance, and the Subdivision Declaration requires a greater distance for the same Dwelling setback distance. In this different Dwelling setback distance example, there is no conflict, and the Subdivision Declaration would control.

Section 12. Assignment. Declarant specifically reserves the right, in Declarant's sole discretion, to assign temporarily or permanently any or all of its rights, privileges, powers and/or obligations under the Declaration or under any Supplemental Declaration or Subdivision Declaration, including assignment of any or all of same as security for any obligation of Declarant to any Person. Except as otherwise provided in this Section, no such assignment shall be effective unless (i) it is in writing, (ii) it is executed by the assignee, (iii) it is recorded in the Registry or other governmental entity office required under Legal Requirements, with the date of recording or such later effective date stated in the assignment being the effective date thereof (and the terms of the recorded assignment shall be conclusive and binding as to the matters assigned), and (iv) if it purports to assign any obligations of the Declarant to complete initial capital improvements within the Subdivision required by the Subdivision Plan or other Legal Requirements, it describes the specific obligations assigned.

Upon Declarant's request, the Association shall execute any such assignment by Declarant to the Association, but Declarant may not assign to the Association any obligation to complete initial capital improvements within the Property required by the Subdivision Plan or other Legal Requirements. With respect to assignments described in any instrument under which Declarant rights specifically or impliedly are given as security for an obligation of Declarant, the terms of such instrument shall control over the provisions of this Section, including execution and recording requirements and the matters assigned thereby. Upon any completed foreclosure sale pursuant to any instrument under which the Declarant rights become security for an obligation, or the recording or filing of a deed or other instrument in lieu of foreclosure, the purchaser at the foreclosure sale, or the grantee under any deed or other instrument in lieu of foreclosure, shall receive the rights, privileges, powers and/or obligations that were assigned as security

for the Declarant's obligation, unless the foreclosure documents or conveying document specifically exclude such rights, privileges, powers and/or obligations.

Notwithstanding anything to the contrary in this Section, with respect to the Common Area (including Common Property and Stormwater Control Measures) and utilities in the Property, Declarant may assign to the Association, and the Association shall accept assignment of and execute the assignment document with respect to, any or all of the following in whole or in part, including the costs thereof: all rights, duties, liabilities, obligations and indemnities of the Declarant under all permits issued by the City or any provider of utilities to any part or all of the Property, and/or under all agreements between the Declarant and the City or any provider of utilities to any part or all of the Property, with respect to maintenance of the Common Area and/or utilities in the Property. Provided, however, and notwithstanding the foregoing, Declarant may not assign to the Association any of its obligations or liabilities or indemnities directly related to the improvements for the initial installation of Common Property, Stormwater Control Measures and/or utilities and/or publicly dedicated street in the Subdivision as required by the City or a utility provider for development of the Property in accordance with a Subdivision Plan, including warranties for construction of such improvements, if any, required by any governmental entity or utility provider prior to its acceptance of maintenance responsibility, if any, for such improvements (it being recognized that one or more of such improvements may not be of a type that are accepted for maintenance by a governmental entity or utility provider). Declarant shall have the authority to resolve any dispute as to what rights, duties, liabilities, obligations and/or indemnities can be assigned to the Association pursuant to this paragraph.

Section 13. Costs and Reasonable Attorneys' Fees. In any action to enforce the provisions of any Governing Documents, the court may award reasonable attorneys' fees to the prevailing party, even if such action is settled prior to any trial, judgment or appeal. It also is the specific intent of this Section that it constitutes the allowance of the award of reasonable attorneys' fees as required under Section 47F-3-120 of the Act.

Section 14. Actions Against Declarant. The affirmative vote or consent of the Members that is equal to or greater than sixty seven percent (67%) of the total number of votes in the Association first shall be required prior to the Association doing any or all of the following with respect to the Declarant or any successor Declarant, regardless of whether such Person is the Declarant at the time the Association takes the action or obtains the necessary vote or consent required to take such action: (i) file a complaint, on account of any act or omission of Declarant, with any governmental entity which has regulatory or judicial authority over the Properties or any part thereof; or (ii) assert a claim against Declarant or sue Declarant in any court of law or equity or before any administrative or other board or committee or branch of any Governmental Entity, or request legal or equitable relief against Declarant.

Section 15. Rule Against Perpetuities. As provided in Section 47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of the Declaration, or the Bylaws, rules, or regulations adopted pursuant to Section 47F-3-102(1) of the Act. In the event of the absence of the protection of Section 47F-2-103(b) of the Act, if the Declaration or any provision thereof violates any applicable Rule Against Perpetuities, the Declaration or such provisions shall be deemed reformed to continue in effect for the maximum period of time that the Declaration or such provision could exist without violating such applicable Rule Against Perpetuities.

Section 16. Reserved Rights. Whenever the Declaration reserves a right for, or requires or authorizes a consent, approval, variance or waiver by, Declarant during the Development Period, and thereafter confers such right upon, or requires or authorizes such approval or waiver by, the Association or Board, the applicable right may be exercised, or the applicable approval or variance or waiver may be given, only by Declarant (or its assigns, which may include the Board) during the applicable period, and,

thereafter; only by the Board or its authorized designee (unless a vote or consent of the Members of the Association also is required or alone is required).

Section 17. Legal Requirements. All Governing Documents shall be subject to and construed in accordance with all Legal Requirements, including all applicable provisions of the Code. It shall be the responsibility of each Owner to comply with all Legal Requirements, whether or not any approval, disapproval, waiver or valiance of the terms of any Governing Documents has been given by Declarant, the Association or the ACC. It is the express intention of the Governing Documents to comply with the Act, and any provisions of the Governing Documents that are not in compliance with the Act shall be deemed reformed from time to time to comply therewith. Provided, however, it also is the intention of the Governing Documents that, unless its provisions violate the Act, such provisions shall control, and, as far as reasonably possible, the provisions of the Governing Documents shall be construed in such manner as to be consistent with, and not in violation of, the Act.

Section 18. Marketable Title Act. It is the intention of the Declarant that the Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other Legal Requirement that would or could terminate the Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may re-record in the Registry the Declaration or some memorandum or other notice hereof in order to continue the Declaration in full force and effect and/or to qualify the Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other Legal Requirement.

Section 19. Exhibits For Lots 1 through 32, 55 and 56 in Phase 1 of the Community. For purposes of clarity, Declarant hereby discloses to the Owner(s) of Lots 1 through 32, 55 and 56 in Phase 1 of the Community the following:

- (a) Lots 1 through 19 are subject to the utility easement(s) depicted on Exhibit A attached hereto.
- (b) Lots 20 through 26 are subject to the Wetland Buffer, Coastal Shoreline Setback and/or CAMA Area of Environmental Concern depicted on Exhibit B attached hereto.
- (c) Lots 27 through 32 are subject to the Planted Buffer and/or Willow Street Buffer depicted on Exhibit B attached hereto.
- (d) Lots 55 and 56 are subject to Greenway Easement and Planted Buffer depicted on Exhibit C attached hereto.

[The remainder of this page is intentionally left blank. Signature page immediately follows.]

IN WITNESS WHEREOF, Declarant has caused this declaration to be executed by their authorized person on this the _____ day of _____, 2022.

BLUE TREASURE LLC,
a North Carolina limited liability company

By: _____
Name: _____
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF _____

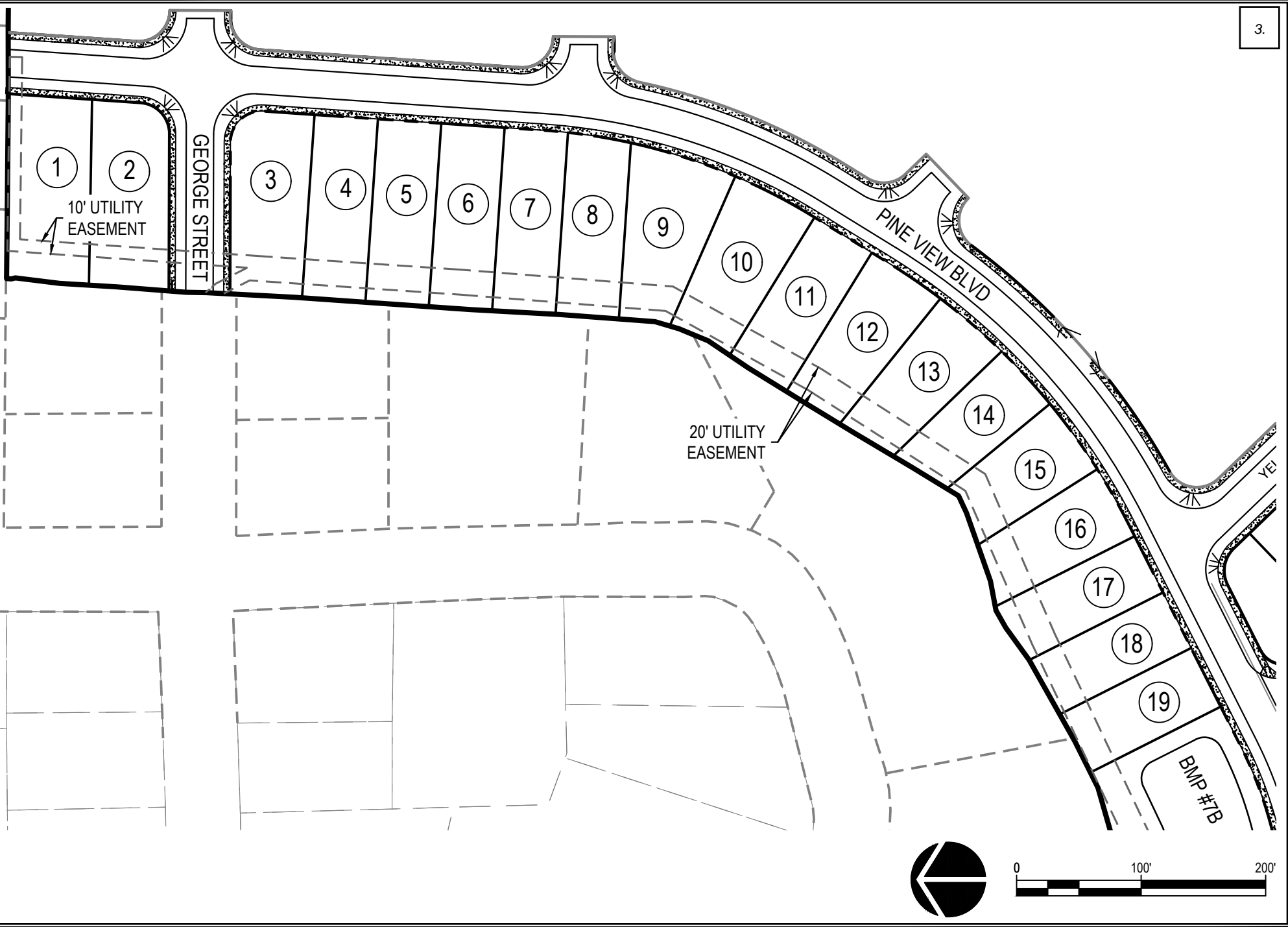
I, a Notary Public, certify that _____ personally came before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Manager of Blue Treasure LLC, a North Carolina limited liability company.

Witness my hand and official seal, this ___ day of _____, 2022.

Notary Public

My commission expires _____

[NOTARIAL/OFFICIAL SEAL]



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Exhibit A-1

Legal Description of Property

BEING all of that certain real property, including but not limited to all of Lots 1-90, inclusive, as shown on that map entitled "SUBDIVISION MAP OF BEAUFORT EAST VILLAGE PHASE 1 PROPERTY OF BLUE TREASURE LLC", prepared by Rudolf A. Vandervelde, Jr., PLS of WithersRavenel, dated March 28, 2022, and recorded in Map Book _____, Page _____, in the office of the Register of Deeds, Carteret County, North Carolina.

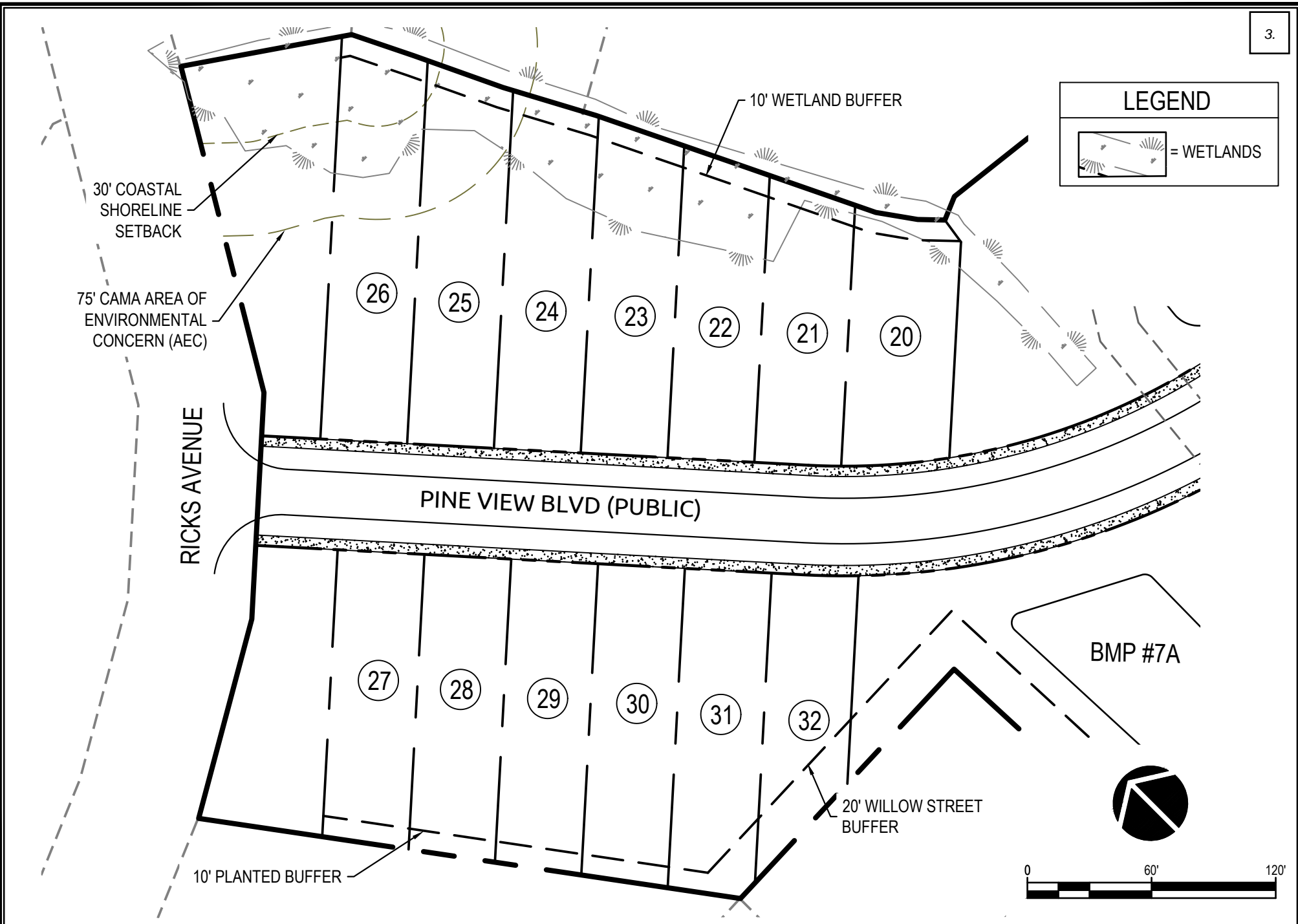
Exhibit A-2

Additional Property

Being all or any real property that either is contiguous to any boundary of the Properties or is located within two (2) miles of any boundary of the Properties as such boundaries are constituted at the time of the annexation of such real property to this Declaration.

LEGEND

= WETLANDS



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Exhibit B-1

SHORT-TERM RENTAL COMMUNITY

Notwithstanding that many Owners may reside in their Dwellings full-time, the Community is also a rental Community allowing for the rental of Dwellings, including the short-term rental thereof, as provided in this Declaration (including in this Exhibit B-1).

Applicability. The provisions of this Exhibit B-1 shall be applicable to the entire Community, but shall not be applicable to Declarant or any Builder.

Occupancy. Each Unit may be used as a temporary residential dwelling, in accordance with all applicable Legal Requirements. Notwithstanding the foregoing, in no event shall occupancy (except for temporary occupancy by visiting guests) exceed that which is permitted by Legal Requirements. Each tenant or occupant shall comply with the covenants, terms, conditions, restrictions of this Declaration and any and all Rules and Regulations of the Association, including, without limitation, any and all regulations and/or procedures, if any, adopted regarding mandatory check-in for Owners, lessees, occupants and residents; coordination of any charging privileges the Association may elect to afford Owners, their guests, invitees, or tenants; and any other matters reasonably necessary to: (i) allow Owners, lessees, occupants and guests to be well integrated in a rental program structure and operation; (ii) ensure that Dwellings and the use and occupancy thereof by Owners, lessees, occupants and guests are integrated to the extent contemplated by this Declaration; and (iii) ensure that all operations may be conducted in an efficient manner.

No Nuisance; Work in the Community. A short-term rental with transient guests, which shall be deemed any rental term that is less than 30 days, and the associated movement in and out of the same, shall not in and of themselves constitute a nuisance in the Community. Each Owner by acceptance of a deed to their Lot and Dwelling, agrees and acknowledges that any and all activities in any way related to the operation of the Community in whole or in part as a short-term rental community shall not be deemed a nuisance. Except during the initial build-out of the Community by Declarant and Builders, the Association shall have the right to establish non-discriminatory restrictions on any and all Persons performing work within the Community, including without limitation by (i) restricting the hours during which work may be performed and restricting access of contractors to certain areas, (ii) requiring that all Persons performing any work have all necessary licenses and permits to perform the work (iii) requiring that all Persons performing any work have adequate insurance coverage and the Association is named additional insured on such policy(ies) and (iv) requiring a security deposit or other collateral to protect against damage that may be caused during such work.

Leases. It is intended that the Dwellings may be used for short-term rentals. A such, leasing of Dwellings shall not be subject to the approval of the Association, or subject to any other limitations, other than as expressly provided herein. Accordingly, there shall be no minimum lease term, nor any maximum number of times that a Dwelling may be leased. The Owner of a Dwelling will be jointly and severally liable with the lessee or occupant of the same to the Association for any amount that is required by the Association, to repair any damage to the Common Area (including any Recreational Amenities) resulting from acts or omissions of lessees

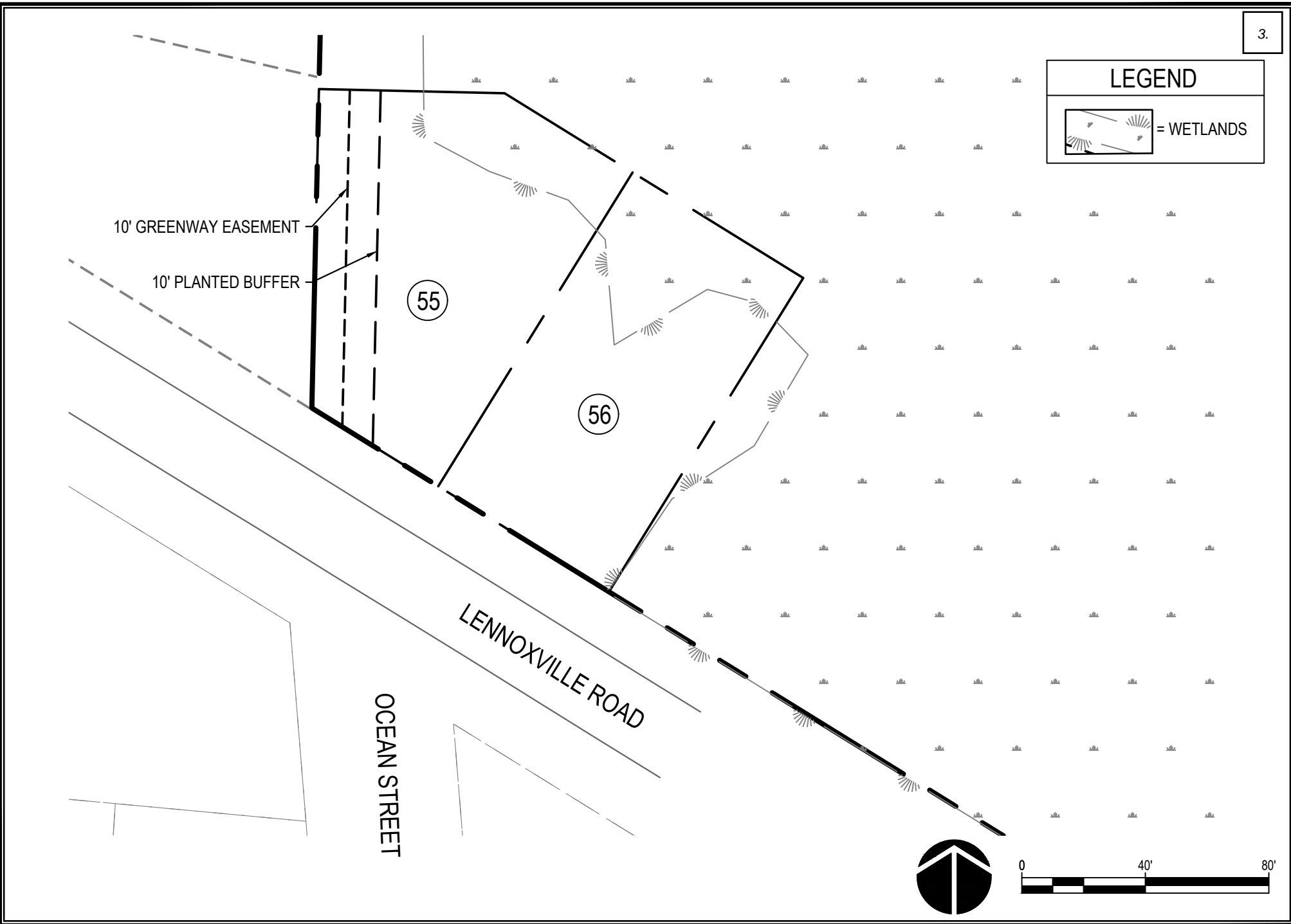
or occupants (as determined in the sole discretion of the Association) and to pay any claim for injury or damage to property caused by the negligence of the lessee or occupant, and special individual assessments may be levied against the Lots/Dwellings therefor. All tenancies are hereby made subordinate to any lien filed by the Association, whether prior or subsequent to such lease. It is expressly understood and agreed that rental of Lots/Dwellings for any term is expressly authorized and permitted.

Designation of Leasing Agent. Although Dwellings shall be leased without the prior written approval of the Association, the Owner of a leased Dwelling is required to provide to the Association, prior to the commencement of the lease, the name and contact information for the firm or individual representing the Owner as the Owner's leasing agent. All leases shall provide the Association shall have the right to terminate the respective lease in the event of a default by the Owner under this Exhibit B-1, or in the event that the Owner's lessee fails to observe the provisions of this Declaration or the Rules and Regulations adopted by the Board.

Extended Vacation and Absences. In the event a Dwelling will be unoccupied for an extended period, the Dwelling must be prepared prior to departure by: (i) notifying Association in writing; (ii) removing all removable furniture, plants and other objects from outside the Dwelling; and (iii) designating a responsible firm or individual to care for the Dwelling, should the Dwelling suffer damage or require attention, and providing a key to that firm or individual. The name of the designee shall be furnished to Association. Neither Association nor Declarant shall have any responsibility of any nature relating to any unoccupied Dwelling.

End of Exhibit B-1

LEGEND



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BEAU COAST WEST PH 1
 BEAUFORT CARTERET COUNTY NC

PLANTED BUFFER FOR
 LOTS 55 AND 56 EXHIBIT 193

WithersRavenel



Town of Beaufort, NC
701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516
252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

**Board of Commissioners
Regular Meeting
6:00 PM Monday, January 8, 2024**

AGENDA CATEGORY: New Business
SUBJECT: Beaufort Business Association (BBA) Waiver Request of
Mardi Gras Fees

BRIEF SUMMARY:

The Beaufort Business Association (BBA) is requesting that the Town be an active sponsor of the 2024 Mardi Gras event. As such, a request has been made by the BBA to waive all associated fees as outlined in the Town’s schedule of fees and charges. A copy of the request is attached for the Board’s consideration along with a copy of the invoice dated October 3, 2023, in the amount \$3,653.

The Board is also advised that a second request has been made to fund July 4th fireworks. The staff, however, recommends that the Board consider each request separately and independently from one another. The request to fund July 4th fireworks will be placed on the Board’s February Regular Meeting agenda for consideration.

REVIEW:

The Town provides services for multiple events throughout the year. A list of events that occurred between January 1, 2023, and December 31, 2023, that required town services including a law enforcement presence has been provided with this report. This report is provided simply to demonstrate the number of large events held each year. It is not an “all-inclusive list” as we have many smaller events, just without a law enforcement presence.

The Board annually adopts a schedule of fees and charges with each budget ordinance to cover the Town’s actual expenses associated with these events. A copy of the fees and charges is also attached with this report for the Board’s review.

REQUESTED ACTION:

The staff recommendation is to deny the request. The schedule of fees and charges was established with intentional and thoughtful consideration by the Board of Commissioners. If the request to waive Mardi Gras fees is approved, the Board should anticipate similar requests in the future from other organizations. The calculated cost for all events during the 2023 calendar year

totaled \$18,892. Given the expense to the Town, the recommendation of the staff is to deny the request to waive fees in lieu of a sponsorship.

EXPECTED LENGTH OF PRESENTATION:

15 Minutes

SUBMITTED BY:

Todd Clark, Town Manager

BUDGET AMENDMENT REQUIRED:

N/A

Dear Madam Mayor and Town Commissioners,

The Beaufort Business Association has two requests.

First request - waiving of Mardi Gras fees:

First of all, thank you for unanimously approving our Mardi Gras event. As a past president of Beaufort Wine and Food (almost 8 years), I was part of a team of talented people that created great events, enhanced tourism, and generated a lot of money for worthy nonprofits and tangible projects in Carteret County. The Beaufort Business Association is now assembling a team of talented, creative, and passionate people to do the same thing to benefit Beaufort. I honestly think this is going to be the best event Beaufort has ever seen. In addition to promoting Beaufort tourism during the off season, we envision that our annual Mardi Gras event will provide the income stream required to fund an Executive Director as well as operating funds for our organization. As I mentioned in a previous email, our first goal is to get Beaufort accepted into the Main Street USA program - a major and difficult milestone.

Since the purpose of this event is ultimately to support Beaufort, we respectfully request that the Town of Beaufort sponsor our event by waiving the fees (see attached invoice).

Second request - funding Beaufort fireworks:

Last year, the BBA requested that the town fund the cost of fireworks. The town commissioners voted to pay one third of the cost (\$5,000) and the business community and town citizens to pay the other two thirds (\$10,000). After extensive and time consuming fundraising, the BBA was able to raise about \$6000 - leaving us \$4000 short. After several conversations with Commissioner Terwilliger, he suggested I submit our request again. So, the BBA is formally requesting that the town pay \$16,000 (inflation) for the 2024 4th of July Fireworks. If desired, we are still

willing to manage the event. Relieving us of this annual fundraising burden would free us up for more productive tasks.

In my opinion, both of these items could be funded by the parking money surplus, since this is the type of use it was originally intended for.

Let me know if you have any questions and how I should proceed with these requests.

Regards,
Nelson Owens

A handwritten signature in blue ink, appearing to read 'N. Owens', written over the printed name.

President
Beaufort Business Association



TOWN OF BEAUFORT
 701 FRONT ST.
 PO BOX 390
 BEAUFORT, NC 28516-0390

4.

INVOICE #
24-00372

INVOICE DATE: 10/03/23
 DUE DATE: 02/07/24

ACCOUNT ID: BEAUF125 PIN: 67630C
 Beaufort Business Assoc.
 Nelson Owens
 PO Box 56
 Beaufort, NC 28516

QUANTITY/UNIT	SERVICE ID	DESCRIPTION	UNIT PRICE	AMOUNT
		Mardi Gras Event		
1.0000	SEAPPFEE	Special Event Application Fee	25.000000	25.00
1.0000	SEEELECT	SPECIAL EVENT ELECTRICITY FEE	50.000000	50.00
		John Newton Park 2/10		
1.0000	SEEELECT	SPECIAL EVENT ELECTRICITY FEE	50.000000	50.00
		West PVA 2/9, 2/10 & 2/11		
10.0000/HR	POLICE	Police for Hire	50.000000	500.00
		Friday-2 Officers-5 hours each		
8.0000/HR	POLICE	Police for Hire	50.000000	400.00
		Sunday-2 Officers-4 hours each		
30.0000/HR	POLICE	Police for Hire	50.000000	1,500.00
		Saturday 4 Officers-7.5 hours		
10.0000	SESWCONT	SPECIAL EVENT SOLID WASTE CONT	10.000000	100.00
		Solid Waste Cans		
8.0000	SESWCONT	SPECIAL EVENT SOLID WASTE CONT	10.000000	80.00
		Recycle Cans		
11.0000/HR	SEPWSERV	SPECIAL EVENT PUBLIC WORKS FEE	68.000000	748.00
		Trash Service 2/10, 2/11, 2/12		
1.0000	MISC	Tipping Fees (\$56.64/ton) Est.	200.000000	200.00
			TOTAL DUE:	<u>\$ 3,653.00</u>

PAYMENT COUPON - PLEASE DETACH AND RETURN THIS PORTION ALONG WITH YOUR PAYMENT

TOWN OF BEAUFORT
 701 FRONT ST.
 PO BOX 390
 BEAUFORT, NC 28516-0390

INVOICE #: 24-00372
 DESCRIPTION: Mardi Gras Event
 ACCOUNT ID: BEAUF125 PIN: 676300
 DUE DATE: 02/07/24
 TOTAL DUE: \$ 3,653.00

Beaufort Business Assoc.
 Nelson Owens
 PO Box 56
 Beaufort, NC 28516



Groups/Events that Hired Off-Duty Police Officers/Fire Staff between Jan. 1, 2023-Jan. 1, 2024

- Ace Hardware
- Beaufort Historic Association
- Beaufort Business Association
- Beaufort Music Festival
- Beaufort Food & Wine
- Beaufort Ole Town Rotary Club
- Beaufort Middle School
- Beaufort Picture Show
- Beaufort Pirate Invasion
- Crystal Coast Highland Games
- Crystal Coast Triathlon
- Lions Club Bridge Run
- The Vault
- NC Maritime Museum

- Events not at for hire rate requiring off-duty officers to work are the Beaufort Christmas Parade, Flotilla, Beaufort Fourth of July parade. Officers are paid an over-time rate at a fee absorbed by the Town for these activities.
- Off-Duty Rate: \$50/hour with a 2-hour minimum
- For Hire Officers are required per Town ordinance when alcohol is served on Town property as well as deemed necessary for safety for events on Town property.
- Events on private property often hire officers for security and traffic control.

Total for this line item from Jan. 1, 2023-Jan. 1, 2024: \$16,275

POLICE: \$13,275

FIRE: \$300

Total: 271.5 off-duty hours

(This does not include non-emergency services personnel who work at an over-time or on-call rate during events. The Town departments absorbs these fees.)

Special Event Codes – Fees Assessed between Jan. 1, 2023-Jan. 1, 2024

Special Event Application Fees: \$425 - 17 total events

Special Event Electricity Fees: \$350 – 7 total events – Autism Society, BBA, Beaufort Elementary PTO, Crystal Coast Cancer Rehab, Loaves & Fishes

Special Event Parking Fees: \$429 – Weddings, Food truck at Fishtowne, BHA private events & Art Show

Special Event Solid Waste Fees: (Includes pre-event delivery and a special pick-up after the event of 1 can and tipping fees): \$470 – 47 total solid waste cans

Special Event Recycling Container Fees: (Includes pre-event delivery and a special pick-up after the event of 1 can and tipping fees): \$120 – 12 total recycling cans

Special Event Public Works Fee: \$748

Amplified Sound Permits: \$75 – 3 total permits

Totals for Jan. 1, 2023-Jan. 1, 2024

Event Misc. Totals: \$2,617

Event Staffing Totals: \$16,275

Total: \$18,892

****Please note these totals do not include overtime pay for Town staff for the Fourth of July Parade, the Christmas Parade and the Flotilla. Additionally, the BOC waived fees associated with the BBA’s music in the park (Rock the Dock) series in 2023) ****

Events & Rentals

SPECIAL EVENT FEES

Special Event Application Fee	\$ 25.00
Tent Permit/Inspection	50.00
Fireworks Display Permit	50.00
Amplified Sound Permit	25.00

RESERVING SEASONAL PARKING SPACES

East & West Front Street Lots	18.00	/space/day
All Other Town Parking Spaces	9.00	/space/day

TOWN-PROVIDED SERVICES & SUPPLIES

Electrician Fees	subject to amount billed by contractor
Electricity per Event	50.00
Off Duty Public Safety	50.00 /hr 2 hr minimum
Public Works Service Fee (includes 2 employees)	68.00 /hr
Solid Waste or Recycling Cart	10.00 /cart
Additional Town-Provided Supplies As Required	actual cost
Fire Boat or Police Boat Launch	62.55 plus off-duty public safety fee for operational period



Town of Beaufort, NC

701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516 252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

**Board of Commissioners
Regular Meeting
6:00 PM Monday, January 8, 2024
Train Depot, 614 Broad Street
Beaufort, NC 28516**

AGENDA CATEGORY: Closed Session
SUBJECT: Pursuant to NCGS 143-318.11 (a) (3)

REQUESTED ACTION:
Motion to enter closed session pursuant to NCGS 143-318.11 (a) (3) to allow the Board of Commissioners to consult with Town Attorney.

SUBMITTED BY:
Todd Clark, Town Manager

BUDGET AMENDMENT REQUIRED:
No