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AMENDED AND RESTATED

MASTER DECLARATION OF PROTECTIVE COVENANTS

FOR

MAGNOLIA GREENS

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

THIS DOCUMENT FURTHER REQUIRES THE PAYMENT OF A WORKING CAPITAL  
ASSESSMENT IN EVERY TRANSACTION INVOLVING THE SALE OF A UNIT  
(ARTICLE 10.7)



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STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

AMENDED AND RESTATED  
MASTER DECLARATION OF  
PROTECTIVE COVENANTS  
FOR MAGNOLIA GREENS

THIS AMENDED AND RESTATED MASTER DECLARATION OF PROTECTIVE COVENANTS FOR MAGNOLIA GREENS ("Protective Covenants") is made this 5<sup>th</sup> day of November, 2012, by Landmark Developers, Inc. a North Carolina corporation ("DECLARANT").

BACKGROUND STATEMENT

On or about December 23, 1997 DECLARANT recorded the Master Declaration of Protective Covenants for Magnolia Greens in Book 1191, Page 991, Brunswick County Register of Deeds.

Since that time DECLARANT has annexed various phases and sections of Magnolia Greens by recording amendments to the Protective Covenants in the Brunswick County Register of Deeds.

Since that time DECLARANT has also amended the Protective Covenants by recording certain amendments in the Brunswick County Register of Deeds as follows:

|      |      |      |      |
|------|------|------|------|
| Book | Page | Book | Page |
| 1208 | 320  | 2093 | 615  |
| 1251 | 667  | 2066 | 7    |
| 1274 | 566  | 2188 | 990  |
| 1283 | 449  | 2393 | 1325 |
| 1425 | 1011 | 2847 | 196  |
| 2682 | 1059 | 2687 | 673  |

The DECLARANT is in the process of turning over control of the Association to its Members at a meeting to be held on November 7, 2012.

The DECLARANT has retained the right to amend the Protective Covenants in its discretion in accordance with Article 17.2 of the Protective Covenants (as amended in Book 1283, Page 449) up to and including December 31, 2018.

The DECLARANT has also retained the power to appoint all members of the Board of Directors of the Association in accordance with Article 3.3 of the Protective Covenants and Article 2.2 of the By-Laws.

The DECLARANT, in its discretion, and in consultation with the advisory board of Magnolia Greens consisting of Members of the Association hereby adopts and records the

following Amended and Restated Master Declaration of Protective Covenants for Magnolia Greens which shall apply to all the property originally subject to, annexed to, or otherwise subject to the Protective Covenants recorded in Book 1191, Page 991, Brunswick County Register of Deeds, which real property shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the Properties and which will run with the real property subject to these Protective Covenants. These Protective Covenants shall be binding on and shall inure to the benefit of all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors, and assigns. Upon recordation, these Protective Covenants shall be deemed to supercede and replace, where applicable, the Protective Covenants recorded in Book 1191, Page 991, Brunswick County Register of Deeds, provided that the amendments included in the various amendments and annexations recorded thereafter shall continue in full force and effect except to the extent superceded and replaced by these Protective Covenants.

## ARTICLE 1 DEFINITIONS

The terms used in these Protective Covenants shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 "Amenities": shall mean all recreational facilities of any type constructed and located on the Properties and owned by the Association.

1.2 "Articles of Incorporation" or "Articles": the Articles of Incorporation of Magnolia Greens Master Association, Inc., as filed with the North Carolina Secretary of State, and as may be amended from time to time.

1.3 "Association": Magnolia Greens Master Association, Inc., a North Carolina nonprofit corporation, its successors and assigns formed or to be formed by the DECLARANT as a property owners association for Unit Owners in Magnolia Greens, all of whom shall be Members of the Association.

1.4 "Board of Directors" or "Board": the board governing the Association and managing the affairs of the Association.

1.5 "Builder": any Person which purchases one or more Units for the purpose of construction of improvements for later sale to consumers or parcels of land within the Properties for further subdivision, development, and/or release in the ordinary course of such Person's business.

1.6 "Business" and "Trade": shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration.



1.7 "By-Laws": the By-Laws of Magnolia Greens Master Association, Inc., as they may be modified or amended from time to time. The By-Laws, as amended, are attached hereto as Exhibit A.

1.8 "Class "B" Control Period": Deleted.

1.9 "Commercial Property": shall mean any real property used for non-residential, business, commercial and retail purposes.

1.10 "Committee": the Architectural Standards and Review Committee appointed by the Board as described in ARTICLE 11 herein.

1.11 "Common Area": all real and personal property which the Association owns or leases for the common use and enjoyment of the Members.

1.12 "Common Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve and actual and estimated expenses of maintaining and operating the Common Areas, conservation and buffer areas, and landscaped areas within road right of ways, as the Board may find necessary and appropriate pursuant to these Protective Covenants, the By-Laws, and the Articles of Incorporation, including, but not limited to, the following:

- (a) All sums lawfully assessed by the Association against its Members;
- (b) Expenses of administration, maintenance, repair or replacement of the Common Areas and the stormwater system;
- (c) Expenses declared to be Common Expenses by the provisions of these Protective Covenants or the By-Laws;
- (d) Expenses agreed by the Members to be Common Expenses of the Association;
- (e) Any ad valorem taxes and public assessments levied against the Common Area.

Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Members representing a majority of the total Class "A" votes of the Association.

1.13 "Community-Wide Standard": the standard of conduct, maintenance, or other activity generally prevailing throughout Magnolia Greens. Such standard may be more specifically determined by the Board of Directors and the Architectural Standards and Review Committee and published in the Rules and Regulations, Design Guidelines or other documents.

1.14 "DECLARANT": Landmark Developers, Inc., a North Carolina corporation, its successors or assigns, if such successors and assigns should acquire more than one undeveloped Unit from the DECLARANT for the purpose of development.

1.15 "Design Guidelines": the architectural design guidelines and procedures set forth in Article 11 herein or adopted by the Architectural Standards and Review Committee pursuant to ARTICLE 11 and applicable to all Units within the Properties.

1.16 "Golf Course": any parcel of land adjacent to the Properties which is privately owned by the DECLARANT or Magnolia Greens, Inc., their successors, or assigns, and which is operated by the DECLARANT or Magnolia Greens, Inc. or their successors or assigns, as one or more golf courses, and all related and supporting facilities and improvements operated in connection with such Golf Course.

1.17 "Individual Assessment": assessments levied in accordance with Section 10.6 of these Protective Covenants.

1.18 "Magnolia Greens": the Properties, as defined in Section 1.26.

1.19 "Master Assessment": assessments levied on all Units subject to assessment under ARTICLE 10 to fund Common Expenses for the general benefit of all Units, as more particularly described in Sections 10.1 and 10.5.

1.20 "Member": a Person entitled to membership in the Association, as provided in Section 3.2.

1.21 "Mortgage": a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1.22 "Mortgagee": a beneficiary or holder of a Mortgage.

1.23 "Mortgagor": any Person who gives a Mortgage.

1.24 "Owner": the record Owner, whether one or more persons or entities, of a fee simple title to any Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.25 "Person": a natural person, a corporation, a partnership or limited partnership, a limited liability company or partnership, a trustee, association, or any other legal entity.

1.26 "Property or Properties": the real property described in **EXHIBIT A** attached to the Protective Covenants recorded in Book 1191, Page 991, Brunswick County Register of Deeds together with such additions thereto as may hereafter be brought within the jurisdiction of the Association by the filing of a Supplemental Declaration.

1.27 "Protective Covenants": shall mean this instrument as it may from time to time be amended or supplemented.

1.28 "Rules and Regulations": the Rules and Regulations adopted by the Board governing land use, individual conduct and uses or actions upon the Properties.

1.29 "Short Term Lessee": the lessee of any Owner whose lease term is less than ninety (90) days.

1.30 "Special Assessment": assessments levied in accordance with Section 10.5 of these Protective Covenants.

1.31 "Supplemental Declaration": an amendment or supplement to these Protective Covenants filed pursuant to ARTICLE 9 which subject additional property to these Protective Covenants and/or impose, expressly or by reference, changes to or additional restrictions and obligations on the land described therein.

1.32 "Unit": a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. The term shall include, by way of illustration but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, single-family detached houses on separately platted lots, and single family residential lots, as well as vacant common property of any Village Association, or property dedicated to the public.

1.33 "Village": two or more Units which share interests other than those common to all Units, as more particularly described in Section 3.4. By way of illustration and not limitation, a condominium development, townhome development, patio home development, cluster home development, or single-family detached housing development might each be designated as separate Villages, or a Village may be comprised of more than one housing type with other features in common.

Where the context permits or requires, the term "Village" shall also refer to the Village Committee, if any, established in accordance with the By-Laws, or the Village Association established to act on behalf of the Owners of Units within the Village. Village boundaries may be established and modified as provided in Section 3.4.

1.34 "Village Assessments": assessments levied against the Units in particular Village or Villages to fund Village Expenses, as described in Article 10.

1.35 "Village Association": any condominium association or other owners association having jurisdiction over any Village.

1.36 "Village Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Owners and occupants of

Units within a particular Village or Villages, which may include a reasonable reserve for capital repairs and replacements, as the Board may specifically authorize and as may be authorized herein or in Supplemental Declarations applicable to the Villages.

## ARTICLE 2 PROPERTY RIGHTS

Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, and for ingress and egress to and from the Common Area, which shall be appurtenant to and pass with the title to every Unit, subject to the following provisions:

(a) These Protective Covenants, the Articles, the By-Laws, the Rules and Regulations and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Association;

(c) The right of the Board to adopt Rules and Regulations regulating the use and enjoyment of the Common Area and improvements thereon, including Rules and Regulations restricting use of the Amenities within the Common Area to occupants of Units and their guests and Rules and Regulations limiting the number of guests who may use the Common Area; and the right of the Board to establish penalties for any infractions thereof;

(d) The right of the Board to suspend the voting rights and the right to use the Common Areas and the Amenities within the Common Area by an Owner (i) for any period during which any charge against such Owner's Unit remains unpaid, and (ii) for a period not to exceed 60 days for a single violation, or for a longer period in the case of any continuing violation, of these Protective Covenants, any applicable Supplemental Declaration, the Articles, the By-Laws, or the Rules and Regulations, after notice and a hearing pursuant to the By-Laws;

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 4.7;

(f) The right of the Board to impose reasonable membership requirements and charge reasonable membership admission or other fees for the use of any Amenities situated upon the Common Area;

(g) The right of the Board to permit use of any Amenities situated on the Common Area by persons, including Short Term lessees, other than Owners, their families, lessees (other than Short Term lessees) and guests upon payment of use fees established by the Board;

(h) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth herein and the rights of

such Mortgagees in said properties shall be subordinate to the rights of the Unit Owners hereunder; and

(i) Easements as provided in Article 13.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, contract purchasers and social invitees, subject to reasonable Board Rules and Regulations. 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 duration of the lease and any such lessee shall abide by all the Protective Covenants, Articles, By-Laws and Rules and Regulations. During the duration of the lease, the rights of the Owner to the use and enjoyment of the Amenities and Common Area shall cease. Any such lease shall not release the Owner of his liability for damage to the Common Area caused by said lessee.

### ARTICLE 3

#### ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

3.1 Function of Association. The Association shall be the entity responsible for management, maintenance, ownership, operation and control of the Common Area owned or leased by the Association within the Properties. The Association shall be the primary entity responsible for enforcement of these Protective Covenants and such reasonable Rules and Regulations regulating use of the Common Areas owned or leased by the Association as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural design guidelines and controls set forth in these Protective Covenants and in the Design Guidelines. The Association shall perform its functions in accordance with these Protective Covenants, the By-Laws, the Articles and applicable North Carolina law.

3.2 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of that membership. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

3.3 Voting. The Association shall have two classes of membership, Class "A" and Class "B".

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one vote for each Unit in which they hold the interest required for membership under Section 3.2; there shall be only one vote per Unit.

(b) Class "B". The Class "B" membership shall terminate effective November 7, 2012. Effective on that date all Class "B" memberships will be converted to Class "A" memberships.

(c) Exercise of Voting Rights.

In any situation in which a Member is entitled personally to exercise the vote for his Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such Co-Owners determine among themselves. The Association shall presume that any one Owner of a Unit is acting for all Owners, unless one or more of the Co-Owners has advised the Secretary in writing prior to any meeting that there is a dispute between one or more of the Co-Owners, in which case the Unit's vote shall be suspended.

### 3.4 Villages and Village Associations.

The Units within a particular Village will be subject to additional covenants and such Unit Owners may all be members of a Village Association in addition to being Members of the Association.

If a Village Association is to be formed, the Supplemental Declaration filed to subject additional property to these Protective Covenants, shall initially assign the property described therein to a specific Village by name. In order to insure that all Villages in Magnolia Greens will be consistent with the general or common scheme of development the Association may unilaterally amend these Protective Covenants or any Supplemental Declaration to redesignate Village boundaries; provided, two or more Villages shall not be combined without the consent of Owners of a majority of the Units in the affected Villages.

The Declaration of Protective Covenants, Articles of Incorporation and By-Laws of all Villages shall be approved by the Association and must not be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association shall have the power to require changes to the Village documents.

Any Person or Builder developing any parcels of land into a Village within the Properties shall file a Supplemental Declaration providing for the creation, if necessary, of a Village Association for the purpose of maintaining any Common Areas, private roads, street lightings, stormwater and drainage systems and common facilities located within the Village.

## ARTICLE 4 RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1 Common Area. The Association, subject to the rights of the Owners set forth in these Protective Covenants, shall manage and control the Common Area and all improvements thereon (including, without limitation, roads, road rights of way, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order and repair, consistent with these Protective Covenants and the Community-Wide Standard.

4.2 Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. DECLARANT may convey to the Association improved or unimproved real estate located within the properties described in **EXHIBITS A or B** attached to the Protective Covenants recorded in



Book 1191, Page 991, Brunswick County Register of Deeds, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed.

4.3 Rules and Regulations. The Board of Directors shall have the right to enact reasonable Rules and Regulations governing land use, individual conduct and uses or actions upon the Properties and which may adopt, modify, cancel, limit, create exceptions to or expand the Use Guidelines and Restrictions as set forth in Article 12.2 of the Protective Covenants, so long as said Rules and Regulations are not in direct and irreconcilable conflict with the Protective Covenants, Articles or By-Laws. The Rules and Regulations are not required to be recorded with the Brunswick County Register of Deeds so long as they are made available to the Members for review at the office of the Association or its management company or published on its website.

4.4 Enforcement. The Association may impose sanctions for violations of these Protective Covenants, the By-Laws, or Rules and Regulations, including reasonable monetary fines and suspension of the right to vote and to use any Amenities within the Common Area. In addition, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as a Individual Assessment authorized by Section 10.6 of these Protective Covenants.

4.5 Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by these Protective Covenants, the Articles or the By-Laws N.C.G.S. 47F-3-102(1) through (7) and (9) through (17), or Chapter 55A of the North Carolina General Statutes, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in these Protective Covenants, the By-Laws and Articles, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

4.6 Indemnification. To the maximum extent allowed by North Carolina law, the Association shall indemnify every officer, director, committee member, employee and agent against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be party by reason of being or having been an officer, director, committee member, employee or agent as is more particularly described in Article 6 of the Bylaws.

The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.7 Dedication of Common Areas. The Association, acting through the Board, may dedicate and grant easements to portions of the Common Areas to any local, state, or federal governmental entity, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.

4.8 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

4.9 Powers of the Association Relating to Villages. The Association shall have the power to veto any action taken or contemplated to be taken by any Village Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-wide Standard. The Association also shall have the power to require specific action to be taken by any Village Association in connection with any of its obligations and responsibilities. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Village Association, and (b) require that a proposed budget include certain items and that specific expenditures be made.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Village Association shall be taken within the reasonable time frame set by the Association in such written notice. If the Village Association fails to Comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Village Association.

To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units in such village for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Section 10.6. Such assessments may be collected as an Individual Assessment hereunder and shall be subject to all lien rights provided for herein.

4.10 Management and Administration. The management and administration of the Association Common Areas and Amenities shall be the sole right and responsibility of the Association. The management shall be carried out in accordance with the terms and conditions of these Protective Covenants, the Articles, By-Laws and Rules and Regulations, but they may be delegated to manager(s) or a management service.

4.11 Assignment to Association. All water, sewer, land use, stormwater system and utility permits, agreements and easements between DECLARANT and any governmental agency or department or public or private utility company shall be assumed by the Association upon the recordation of a map showing any real property located within the Properties. The Association shall thereafter be responsible for and assume all duties, obligations, and rights and privileges of the DECLARANT under such permits, agreements and easements, including all maintenance responsibility, even if part of the water, sewer, land use, stormwater system or utility areas covered by the permits, agreements and easements are not located within the Properties. The DECLARANT shall assign all such permits to the Association to the extent allowed by law.

4.12 Common Area. The Common Area cannot be mortgaged or conveyed without the consent of two-thirds (2/3) of the Unit Owners, provided, the Association, acting through the Board, may grant easements, leases, licenses and concessions over and through the Common Areas without the consent of the Unit Owners.

## ARTICLE 5 MAINTENANCE

5.1 Association's Responsibility. The Association shall maintain and keep in good repair the Common Area, which shall include, but need not be limited to:

(a) all landscaping and other flora, parks, signage for Magnolia Greens, structures, and improvements, including any private streets and rights of way and islands within their streets and cul-de-sacs, Amenities and bicycle and pedestrian pathways and trails, situated upon the Common Area; excepting any real or personal property for which a Village Association, a Unit Owner or some other entity has expressly assumed responsibility;

(b) at its sole discretion, the Association may accomplish the repairs or maintenance for Common Area or Limited Common Area within any Village, either by agreement with the Village or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as an Individual Assessment only against the Units within the Village to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class. The Association also has the authority to take appropriate legal action to require the responsible Village to comply with the provisions of these Protective Covenants, the Articles, By-Laws and Rules and Regulations adopted hereunder.

(c) the Association may, at its sole discretion, maintain other property which it does not own, including, without limitation, publicly owned property, easements, property subject to Individual Assessments under Section 10.6(a)(1) and (2), conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.



5.2 Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, landscaping, parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise expressly assumed by or assigned to the Association or a Village pursuant to the Supplemental Declaration or other Declaration of Protective Covenants applicable to such Unit. Notwithstanding the foregoing, the maintenance of any columns, signs, monuments, etc. installed by the Declarant on any Unit will be the sole responsibility of the Association. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 10.6. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.3 Maintenance of Units. If, in the opinion of the Association, any Owner shall fail to maintain any Unit owned by him in a manner which is reasonably neat and orderly and as is required by Article 12 herein or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, all in the sole opinion of the Association, the Association in its discretion, by the affirmative vote of a majority of the members of the Board of Directors, and following ten (10) days written notice to Owner, may enter upon and make or cause to be made maintenance and repairs to such improvements and perform such maintenance and repairs on the Unit as necessary to bring the Unit in compliance with the Community-Wide Standard. The Association shall have an easement for the purpose of accomplishing the foregoing. The reasonable cost incurred by the Association in rendering all such services, plus a service charge of fifteen percent (15%) of such cost, shall be added to and become an Individual Assessment to which such Unit is subject as provided in Article 10 herein.

The Owner of each Unit shall keep the Unit mowed and edged regularly, including that area from the Unit line to the edge of the paved street so that grass is not allowed to grow over the sidewalks and curbs, and clear of any unsightly objects, and in the event that the Owner of any Unit within Magnolia Greens breaches this restrictions, the Association reserves the right to enter upon the Unit and mow the grass, clean up the Unit and remove unsightly structures and objects at property Owner's expense as provided above. Where Units border on or contain Association owned ponds, or ponds located within the drainage/maintenance easement within West Cove Loop Road, and where Units border on or contain ditches, drainage canals or swales, the Owner of each Unit shall keep the area within and between the Unit and the pond, drainage/maintenance easement, ditch, drainage canal or swales, including the slopes, down to the edge of the water or the edge of the street pavement, maintained in accordance with the Magnolia Greens Pond Bank Guidelines or other guidelines, a current copy of which may be obtained from the Association. This obligation and right may be enforced by the Association as provided in the first paragraph of Section 5.3 and Article 18 and the Association shall have an easement for the purpose of such enforcement.

Undeveloped Units which have been sold by the DECLARANT will be maintained within the street right of way by the Association. The Owner(s) of undeveloped

Unit(s) are responsible to maintain the appearance of any portion of the Unit not maintained by the Association in accordance with this Section and the Rules and Regulations.

5.4 Village's Responsibility.

(a) Upon Board resolution, the Owners of Units within each Village shall be responsible for paying, through Individual Village Assessments, the costs of operating, maintaining and insuring certain portions of the Common Area within or adjacent to such Village. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and open space between the Village and adjacent public roads and private streets within the Village, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Villages which are similarly situated shall be treated the same.

(b) Any Village Association having any responsibility for exterior maintenance of property and landscaping within such Village shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If it fails to do so, the Association may, but is not required to, perform such responsibilities and assess the costs against all Units within such Village as provided in Section 10.6.

5.5 Standard of Performance.

Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as other duties, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants.

ARTICLE 6  
INSURANCE AND CASUALTY LOSSES

6.1 Association Insurance. The Association shall maintain adequate and appropriate insurance coverage on all Common Areas, as provided in the By-Laws of the Association. The Association may also maintain adequate and appropriate insurance coverage on other property owned or maintained by the Association.

ARTICLE 7  
SUBDIVISION AND ANNEXATION

7.1 Subdivision. No Unit or Units shall be subdivided except to enlarge an adjoining Unit, but any Unit so enlarged cannot be improved with more than one single family dwelling. An Owner of a Unit and a portion or all of an adjoining or contiguous Unit or Units may construct a dwelling or other structure permitted hereunder upon and across the dividing line of such adjoining and contiguous Units, and thereafter, such combinations of Units or portions thereof shall be treated for all purposes under these Protective Covenants, including assessments, as a single Unit.

7.2 Annexation. Annexation of additional property shall require the vote of at least sixty-seven percent (67%) of the total votes in the Association at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

## ARTICLE 8 CONDEMNATION

8.1 If any part of the Common Area shall be taken (or conveyed in lieu of condemnation by the Board acting on a vote of at least 67% of the total votes in the Association, each Owner shall be entitled to written notice. The award made for such taking shall be payable to the Association and shall be used as set forth in paragraph 8.2 below and thereafter, in the discretion of the Board of Directors, for reserves or capital expenditures or to defray the Common Expenses of the Association.

8.2 If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking upon a vote at least 67% of the total votes of the Association the Members decide not to restore or replace such improvements. Any such construction shall be in accordance with plans approved by the Board. The provisions of the By-Laws regarding funds for the repair of damage or destruction shall apply.

## ARTICLE 9 ANNEXATION AND WITHDRAWAL OF PROPERTY Deleted.

## ARTICLE 10 ASSESSMENTS

### 10.1 Creation of Assessments.

(a) The Association is hereby authorized to levy assessments against each Unit for Association expenses as the Board may specifically authorize from time to time. There shall be five types of assessments for Association expenses: (1) Master Association Assessments to fund Common Expenses for the general benefit of all Units within the Properties; (2) Village Assessments for Village Expenses benefiting only Units within a particular Village or Villages; (3) Special Assessments as described in Section 10.6; (4) Individual Assessments as described in Section 10.6; and (5) working capital assessment as described in Section 10.7. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

(b) All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by North Carolina law), late charges, costs, fines, service or collection fees imposed by a management company, costs imposed under Article 5.2 and 5.3 and reasonable attorney's fee, shall be a charge

and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 10.10. Each such assessment, together with interest, late charges, costs, fines, service or collection fees imposed by a management company, costs imposed under Article 5.2 and 5.3 and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage or any individual obtaining title by or through a foreclosure shall be personally liable for unpaid assessments which accrued prior to acquisition of title. In the event of any transfer of title to a Unit, the lien of the assessments shall not be extinguished. "Acquisition of title" shall be deemed to occur at the end of the redemption or upset bid period provided for in any such foreclosure.

(c) The Association shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer or agent of the Association setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate. If the request is in connection with the sale or transfer of a Unit, the Association or its agent may charge the seller or buyer a reasonable fee to provide the statement and to change the Association's records.

(d) No Owner may exempt himself from liability for assessments, by non-use of Common Area, abandonment of his Unit, or any other means. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

10.2 DECLARANT'S Obligation for Assessments. Deleted.

10.3 Computation of Master Association Assessment.

(a) At least 30 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget prepared as provided in Section 10.4. Provided, however, the Master Association assessment shall not be increased by more than 15% of the previous year's assessment without the approval of a majority of the total votes in the Association at a duly called special meeting to approve the budget.

(b) The Master Association Assessment shall be levied at a uniform rate against all Units, and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment on the first day of the fiscal year for which the budget is prepared and

the number of Units reasonably anticipated to become subject to assessment during the fiscal year.

10.4 Capital Reserve Budget. The Board shall annually prepare a capital reserve budget for maintenance and replacement of capital improvements which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost.

10.5 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover capital improvements or unbudgeted expenses or expenses in excess of those budgeted. The Board may establish the amount of the Special Assessment if it is FIVE HUNDRED DOLLARS (\$500.00) or less in any assessment year for each Member. All other Special Assessments shall require the affirmative vote of at least sixty-seven percent (67%) of the Members present in person or by proxy in accordance with the provisions of Article 3.11 of the Bylaws. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

10.6 Individual Assessments.

(a) The Board shall have the power to levy Individual Assessments against a particular Unit or Units constituting less than all Units within the Properties or within a Village, as follows:

(1) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners (which might include, without limitation, landscape maintenance, handyman service, pool cleaning, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner;

(2) to cover costs including overhead and administrative costs and reserves incurred for maintenance, repair and replacement of any private roads, signs, fences and berms which are constructed for the benefit of certain specified Units, as shall be more specifically set forth in a Supplemental Declaration; and

(3) to cover costs incurred in bringing the Unit into compliance with the terms of these Protective Covenants, including, without limitation, Section 5.3, any applicable Supplemental Declaration, the Articles, the By-Laws, Rules and Regulations, or Design Guidelines or costs incurred as a consequence of the conduct of the Owner or occupant of the Unit, their lessees, licensees, invitees, or guest; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying an Individual Assessment under this subsection (a).

(b) The Association may also levy an Individual Assessment against any Village to reimburse the Association for costs incurred in bringing the Village into compliance with the provisions of these Protective Covenants, any applicable Supplemental Declaration, the Articles, the By-Laws, and Rules and Regulations, provided the Board gives the Board of Directors from such Village prior written notice and an opportunity to be heard before levying any such assessment.

10.7 Working Capital Assessment. At the time title to a Unit is conveyed by Declarant and every transaction thereafter involving the sale of the Unit, each new Owner shall contribute to the Association as working capital an amount equal to one year's general assessment. Such funds shall be used for initial operating and capital expenses of the Association, such as prepaid insurance, supplies, furnishings and equipment, etc. Amounts paid into the working capital fund are not to be considered advance payment of regular assessments. All working capital funds shall become part of the general operating funds of the Association.

10.8 Date of Commencement of Master Association Assessments and Due Dates. The Master Association assessments provided for herein shall commence on the date of conveyance of each Unit to an Owner. The first Master Association Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Master Association Assessment against each Unit at least thirty (30) days in advance of each Master Association Assessment period. Written notice of each Master Association Assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Board of Directors shall require the Master Association Assessments to be paid at least annually, but may require the Master Association Assessments to be paid more often. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid.

10.9 Lien for Assessments.

(a) All assessments authorized in this Article shall constitute a lien against the Unit against which they are levied until paid. The lien shall also secure payment of interest, late charges, fines, service or collection fees imposed by a management company, costs imposed under Articles 5.2 and 5.3 (subject to the limitations of North Carolina law), and costs of collection (including reasonable attorneys fees). Such lien shall be superior to all other liens, except the liens of all ad valorem taxes or assessments, and any other liens which by law would be superior.

(b) The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of Brunswick County or file a suit to collect such delinquent assessments and charges. The Association may file Notice of Lis Pendens, bring an action of law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Unit, or utilize any other remedy provided under North Carolina law. No Owner may waive or otherwise escape liability for the assessments provided for here in.

10.10 Effect of Nonpayment of Assessments: Remedies of the Association: Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at a rate not to exceed the maximum legal rate allowed in the State of North Carolina per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of mortgages or deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments.

10.11 Failure to Assess. Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release or any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Master Association Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

10.12 Exempt Property. The following property shall be exempt from payment of Master Association Assessments, and Special Assessments:

- (a) all Common Area or Limited Common Area;
- (b) any property dedicated to and accepted by any governmental authority or public utility;
- (c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment under Section 10.9 (in which case the Unit shall not be exempted from assessment); and
- (d) any Unit which is not approved by any governmental agency for residential use.

## ARTICLE 11 DESIGN GUIDELINES

### 11.1 General.

(a) No structures, buildings, improvements or construction, which shall include within its definition, clearing, grading, excavation and other sitework, shall be commenced, erected, or maintained upon any Unit or the Properties, nor shall any exterior addition to or change or alteration therein be made, including change of color, except in

compliance with this Article, the Design Guidelines and until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee according to the provisions of Section 11.2. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, treehouse, playhouse, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

(b) Any Owner may remodel, paint or redecorate the interior of structures on his Unit without approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) This Article shall not apply to improvements to the Common Area by or on behalf of the Association.

#### 11.2 Architectural Review.

(a) Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article shall be handled by the Committee as described in subsections (a) and (b). The members of the Committee need not be Members of the Association and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full or prior to review.

(b) Architectural Standards and Review Committee (herein "Committee"). The Committee shall consist of at least three, but not more than ten, persons and shall have exclusive jurisdiction over all construction on any portion of the Properties. The Board shall appoint the members of the Committee, who shall serve and may be removed in the Board's discretion.

#### 11.3 Guidelines and Procedures.

(a) The Committee shall prepare the Design Guidelines and application and review procedures (the "Design Guidelines") which shall apply to all construction activities within the Properties. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, and intended use.

(b) The Committee shall have sole and full authority to adopt and amend the Design Guidelines subject to the approval of the Board of Directors. Any



amendments to the Design Guidelines shall apply to construction and modifications commenced after the date of such amendment only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

(c) The Committee shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Properties and all such Persons shall conduct their activities in accordance with such Design Guidelines.

#### 11.4 Submission of Plans and Specifications.

(a) No construction or improvements, as defined in Section 11.1(a), shall be commenced, erected, placed or maintained on any Unit, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening shall have been submitted to and approved in writing by the Committee. Violation of this provision may result in a fine in an amount of up to \$2,500 for each violation plus a fine of up to \$100 per day for each day the violation continues. The Design Guidelines shall set forth the procedure for submission of the Plans. A reasonable fee for the review of said plans shall be required and submitted, along with said Plans and any other supporting documents required by Committee and the board may require a deposit to be posted prior to the commencement of any construction or work, which sum shall be used to collect any fees, fines or penalties incurred during construction or work. Any sums remaining at the completion of construction shall be returned to Owners or Builder.

(b) In reviewing each submission, the Committee may consider visual aesthetics, natural platforms and finish grade elevations, harmony of external design with surrounding structures and environment, and location in the relation to surrounding structures and plant life. The Committee may require relocation of native plants within the construction site as a condition of approval of any submission. Location of any driveways shall be subject to the approval of the Committee.

(c) The Association shall have the right to refuse to approve any plans and specifications or grading plans which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In so approving such plans, specifications and grading plans, the Association shall consider the suitability of the proposed building, improvements, structure, or landscaping and the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect thereof on the adjacent or neighboring property.

(d) No bulldozing or clearing of trees or excavation of lakes or ponds shall be commenced until the plans, specifications and grading plans showing the nature, kind, shape and location of work to be done shall have been submitted to and approved in writing by the Association and a copy thereof, as finally approved, filed permanently with the Association.

(e) The Committee shall, within 30 days after receipt of each submission of the Plans, advise the party submitting the same in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with these Protective Covenants and/or the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

(f) If construction does not commence on a project for which Plans have been approved within 12 months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

11.5 Golf Course Approval. Deleted.

11.6 No Waiver of Future Approvals. Each Owner acknowledges that the members of the Committee will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or 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 proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

11.7 Variance. The Committee may authorize in its discretion reasonable variances or adjustments from compliance with any of its guidelines and procedures in order to alleviate practical difficulties and hardship in their enforcement and operation. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; or (b) stop the Committee from denying a variance in other circumstances. Any such variances shall not violate the spirit or the intent of this document to create a subdivision of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

11.8 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Committee 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. Neither the DECLARANT, the Association, the Board, nor the Committee, shall be held liable for any injury, damages, or loss arising out of the review and approval of any application, including, but not limited to the granting of a variance, the manner or quality of construction, defects in any plans or specifications, or deficiencies in kind or quality of materials used, or for ensuring compliance with building codes and other governmental requirements.

11.9 Enforcement.

(a) Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit owner and the benefited Unit and collected as an Individual Assessment.

(b) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties. In such event, neither the Association, its officers, nor its directors shall be held liable to any Person for exercising the rights granted by this paragraph.

(c) The Association shall have the authority to establish fines for violations of this Article and the Design Guidelines, including fines for continuing violations. The fine amounts may be deducted from any bond posted. If the fines are not paid, the Association may establish an Individual Assessment in accordance with the provisions of Article 10.

(d) In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Committee.

11.10 Specific Design Guidelines.

(a) Culverts. The cost of any culvert and covering is to be borne by the Owner and the construction specifications must meet the Association's approval. The culvert must be installed before any construction may begin on a Unit.

(b) Completion. Once construction of a dwelling or other improvements are started on any Unit, the exterior improvements, including painting and landscaping must be completed in accordance with the approved plans and specifications within twelve (12) months from the date of commencement or such other time as provided by the Committee. Failure to complete construction within twelve (12) months from commencement date or such other time as provided by the Committee may result in a fine being imposed in an amount of up to \$100.00 per day, which fine shall be payable to the Association. The fine imposed under this Section shall be an individual assessment enforceable in accordance with Article 10. Commencement date shall be the initial clearing of the Unit or at such other time as provided by the Committee.

(c) Size.

Only one (1) detached, single family residence dwelling not to exceed two and one-half stories in height above floor level and such outbuildings as are usually accessory to a single family residence dwelling, including a private enclosed garage shall be permitted.

Single-family detached dwelling houses constructed on a Unit adjacent to the Golf Course and subject to these Protective Covenants shall contain no less than 2,100 square feet for a two-story dwelling and 1,800 square feet for a one-story dwelling of fully enclosed and heated floor space all devoted to living purposes (exclusive of roofed or unroofed porches, breezeways, terraces, porches, steps, walks, garages and any outbuildings). Units that are not adjacent to the Golf Course shall contain not less than 1,650 square feet for a two-story dwelling and 1,500 square feet for a one-story dwelling of fully enclosed and heated floor space all devoted to living purposes (exclusive of roofed or unroofed porches, breezeways, terraces, porches, steps, walks, garages and any outbuilding). In computing the number of square feet allowed as provided herein, no square footage in any part of the dwelling that is constructed over a garage will be counted, unless it is an integral part of the living space and approved by Association.

Any Supplemental Declaration may contain minimum dwelling square footage requirements which differ from this Section.

(d) Garage. An attached garage accommodating at least two (2) full-size vehicles with the garage doors fully closed is required for all single family residences. Garages accommodating one (1) full size vehicle with the garage doors fully closed or detached garages may be allowed if any Supplemental Declaration expressly so provides.

(e) Placement. Arbitrary, inflexible setback lines are not in the best interest of Magnolia Greens nor the Owners of property therein, nor in keeping with the Community Wide Standard since they tend to force construction of homes directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related concerns. The Committee shall determine the location of any structure, having regard for the foregoing considerations, to aesthetic considerations, the Community Wide Standard, size, shape and location of the property, the type of housing, and any other reasonable considerations. The Committee has the right to require maintenance and/or removal of plant material to protect an Owner's view of the Golf Course.

(f) Fence. All fences shall be designed, constructed and placed as approved by the Committee. Perimeter fences are prohibited on Units adjacent to the Golf Course. "Courtyard" or other similar fences on Units adjacent to the Golf Course must be approved by the Committee and must be at least ten (10) feet inside of the Unit Owner's property line adjacent to the Golf Course and no higher than four (4) feet. All fences constructed hereunder shall be maintained in their original condition by the Unit Owner. If a Unit has installed fencing or a privacy structure on any Unit adjacent to the Golf Course, golfers shall not be allowed on that Unit for any reason. Any fence installed by DECLARANT must be maintained in its original condition and replaced, if required, by the Unit Owner on whose Unit the fence is located. Any maintenance affecting the appearance of the fence and the replacement

of the fence must be approved by the Association. No fence installed by the DECLARANT may be removed without the written consent of the Committee. This Section 11.10(f) may not be amended without the prior written approval of the Golf Course.

(g) Landscaping. All Unit landscaping shall be approved by the Committee, including removing and replacing trees on each Unit.

(h) Compliance with Local Regulations. Buildings must in all particulars meet the requirements of the Brunswick County Health Department regulations and any local building code. No construction may commence on any Unit until prior approval of any governmental agency having jurisdiction over said construction is obtained.

(i) Temporary Structures. No buildings, structures, outhouses, sheds, tents or trailers of any kind shall be permitted on any Unit, except for those used for construction purposes during a reasonable period during construction of permanent improvements.

(j) Detached Structures. The Committee has the authority to allow or prohibit detached structures in connection with any residential Unit within Magnolia Greens, in its sole discretion.

(k) Reflective Film or Coating. Any type of reflective film or coating to any window, glass door or glazed surface of any structure visible from outside the structure must be approved in writing by the Committee.

## ARTICLE 12 USE GUIDELINES AND RESTRICTIONS

### 12.1 Plan of Development; Applicability; Effect.

(a) DECLARANT has created Magnolia Greens as a residential and recreational development and, in furtherance of its and every other Owner's interest, has established a general plan of development for Magnolia Greens as a planned community. The Properties are subject to land development, architectural, and design guidelines as set forth in ARTICLE 11. The Properties are subject to guidelines and restrictions governing land use, individual conduct, and uses of or actions upon the Properties as provided in this ARTICLE 12. These Protective Covenants establish affirmative and negative covenants, easements, and restrictions (the "Use Guidelines and Restrictions").

(b) All provisions of these Protective Covenants and of any Association Rules and Regulations shall also apply to all occupants, lessees, guests and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of these Protective Covenants, the By-Laws, and the Rules and Regulations of the Association.

### 12.2 Rules and Regulations.

Subject to the terms of this ARTICLE 12, the Board shall implement and manage the Use Guidelines and Restrictions through reasonable Rules and Regulations which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions.

12.3 Owners' Acknowledgment.

(a) All Owners and all the Properties are subject to the Use Guidelines and Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 12.2.

(b) Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by these provisions, agrees to be bound thereby, and that the Use Guidelines and Restrictions and Rules and Regulations may change from time to time.

12.4 Rights of Owners. Except as may be specifically set forth in Section 12.5, the Board may not adopt any Rules and Regulations in violation of the following provision:

Activities Within Unit. No Rules and Regulations shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance, or that create a nuisance.

12.5 Use Guidelines and Restrictions.

(a) General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association and offices for the Association), except as otherwise provided herein. No commercial use shall be permitted on any Unit except in accordance with Section 12.5(o).

(b) Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred, kept or maintained on any Unit or in any dwelling except a limited number of domestic household pets, which limit may be set by the Board. Domestic household pets may not be raised, bred, or kept for any commercial purpose. Pets must be leashed at all times when off Owner's Unit and droppings must be immediately removed. Pets are not allowed on the Golf Course and pet owners may be subject to fines assessed by the Association and/or the Golf Course operation for any violation and damage. Fines assessed by the Association shall become an Individual Assessment in accordance with Article 10.

(c) Storage Receptacles. Every fuel storage tank shall be EPA approved and buried below the surface of the ground. Every outdoor receptacle for ashes, trash,

rubbish, or garbage shall be screened or so placed and kept as not to be visible from any street, Amenities, or Golf Course property.

(d) Placement of Outdoor Clothes Drying Structure. No outdoor poles, clotheslines or similar equipment shall be erected or located on any Unit.

(e) Model Homes. No structure erected upon any Unit may be used as a model exhibit or model home without prior written approval of the Committee.

(f) Offensive and Illegal Activities. No immoral, improper, illegal, noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereof tending to cause embarrassment, discomfort, annoyance or nuisance to the Association, or any Owners. There shall not be maintained any plants or animals, odors, fumes, or device or anything of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. All laws, orders, rules, regulations, ordinances or requirements of any government agency having jurisdiction thereof, relating to any parties of the property, shall be complied with, by or at the sole expense of the Owner or of the Association, whichever shall have the obligation to maintain or repair such portion of the property.

(g) Parking. The Town of Leland prohibits the parking of motor vehicles on the public streets in Magnolia Greens without a permit and the Association shall, to the fullest extent allowed by law, enforce such provisions. All motor vehicles, not otherwise prohibited, owned, leased or operated by an Owner or tenant shall be parked either in the garage of the Unit or on the driveway of the Unit. Parking on the lawn is prohibited. No truck or other motor vehicle in excess of a one (1) ton load capacity, boat, vessel, motorboat, jet ski, watercraft of any kind, recreational vehicle, camper, trailer, habitable vehicle, motor or mobile home or similar type of vehicle or apparatus shall be parked or kept overnight or longer on any street or on any Unit unless it is stored in an enclosed garage and in such a manner as to not be visible to the Owners of other Units or the users of a street, Amenities or Golf Course. The Association may further prohibit and regulate the type, condition and parking of motor vehicles, motor vehicles of a guest, commercial motor vehicles, or any other type of vehicles or apparatus by Rules and Regulations. No portable moving container(s) (i.e. PODS) may be placed on any Unit for more than four (4) consecutive days. The Owner shall notify the Association of the dates that the container(s) will be in place prior to delivery of the container(s). Container(s) shall be placed only on paved surfaces; provided however, container(s) shall not be placed on any paved street or Common Area without express written authorization from the Board of Directors or its designee.

(h) Repair or Removal of Buildings. Any dwelling or improvement on any Unit that is destroyed in whole or in part by fire or other casualty shall be either rebuilt or torn down and all debris removed and the Unit restored to a sightly condition with reasonable promptness, provided, however, that in no event shall such debris remain on such Unit longer than three (3) months. If a replacement Unit is to be constructed, the replacement Unit must be approved by the Committee in accordance with Article 11.



(i) Outside Burning. No outside burning of wood, leaves, trash, garbage or household refuse or burning as a means of clearing brush shall be permitted. Burning may be allowed by the Board under appropriate circumstances and in compliance with all applicable governmental regulations.

(j) Signs. The Committee shall approve all signs prior to installation and may impose size limits. No advertising signs or billboards or other advertising structure(s) of any kind shall be erected on any Unit or displayed to the public on any Unit subject to these restrictions without prior written approval of the Committee. Committee retains the right to modify this restriction including the right to disallow signs altogether or to require that all signs must be of similar size and color. Committee has the right to enter upon the Unit and remove any unapproved sign.

(k) Hunting. No hunting or discharge of firearms within the Properties is permitted. The Association, through its Board of Directors, reserves the right to control or remove animals.

(l) Garbage. Garbage and trash shall be disposed by Owners in accordance with the Rules and Regulations of the Association.

(m) Antennas and Satellite Dishes. No outside antennas shall be erected on any Unit or structure unless and until permission for the same has been granted by the Committee. Satellite dishes shall be installed only in "preferred placement areas" as determined by the Committee.

(n) Well Installation. The Owners of single-family residential Units shall be allowed to install one single well per Unit for the purpose of irrigation. All wells and pumps permitted under these Protective Covenants must be located so as not to be visible from any street, Common Area or Golf Course and must be approved by the Committee, screened from view and kept free from well discoloration, including rust and otherwise comply with the Design Guidelines. All structures within the Unit shall also be kept free from water discoloration, including rust.

(o) Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by the Board subject to any conditions imposed by the Board:

(i) Activities which materially disturb or destroy the vegetation, wildlife, water or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(ii) Any Business or Trade, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the activity does not involve regular visitation of the Unit by clients, employees, agents, customers, suppliers, or other business invitees, delivery services, or door-to-door solicitation of residents of the Properties; and (c) the activity is consistent with the residential character of the

Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board;

(iii) Rental of any Unit for a period of less than ninety (90) days, except that Fairway Villa Units which may be rented for less than ninety (90) days; and

(iv) Nothing shall be kept and no activity shall be carried on in any building, structure or Unit or on the Common Area which will increase the rate of insurance, applicable to residential use, for the property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his Unit or on the Common Area which will result in the cancellation of insurance on any portion of the Property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Area.

(p) Property Damage. Owners shall be responsible for any damage done to any streets, roadways, accessways, curbing, street gutters, columns, signs, monuments or other improvements maintained by the Association, sidewalks, Common Areas or property of other Owners within the Properties which may be caused by any Owner, his agents, lessees, employees, guests, licensees or invitees. The Association shall have the authority to assess any Owner for such damage and such charge shall be an Individual Assessment against the Owner and his Unit(s) and may be enforced in accordance with the provisions of Article 10 herein.

(q) Junk Vehicles. No stripped, inoperable, partially wrecked, junk motor vehicle, or part thereof, or any motor vehicle not displaying a current valid inspection sticker and registration shall be permitted to be parked or kept on any Unit or the Properties.

(r) Garbage Cans. All trash receptacles and garbage cans shall be screened so as not to be visible by the Owners of other Units or the users of any street, Amenities, or Golf Course. All such screening shall be approved by the Committee.

(s) Fuel Tanks. No fuel tanks or similar storage receptacles may be exposed to view. The placement of any such receptacles may be approved by the Committee and may only be located within the main dwelling house, within an accessory building, within a screened area, or buried underground.

(t) Mailboxes. Each Unit in Magnolia Greens shall have only one (1) mailbox and one (1) paper box which shall be mounted on a single post and all such boxes must be approved by the Committee. Such mailboxes or paper boxes may be provided by the DECLARANT or Builder. Any boxes provided by the DECLARANT or Builder shall be considered an improvement and must remain with the Unit and must be maintained by the Unit Owner. Boxes and/or posts damaged shall be repaired to an attractive condition or replaced by the Unit Owner within thirty (30) days of loss or damage.

(u) Outdoor Objects. No outdoor statuary, flags or other decorative objects may be placed on any Unit without the written approval of the Committee.

(v) Yard Sales. No yard sales or garage sales shall be permitted upon any Unit in the Properties.

(w) Alteration of Common Area. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction of and with the express written consent of the Committee.

(x) Use of Common Areas. The Common Areas shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Units, subject to any Rules and Regulations that may be adopted by the Association pursuant to its By-Laws.

(y) Storage of Personal Property. All lawn mowers, bicycles, toys and other similar objects must be stored when not in use so as not to be visible by the Owners of other Units or the users of any street, Amenities or Golf Course. Gas or charcoal grills, or other similar portable cooking appliances, are not required to be stored out of sight provided that they are placed along the footprint of the house and do not become unsightly in appearance as determined by the Board of Directors.

(z) Buried Material. Association does not grant permission or recommend that any material be buried on any Unit in MAGNOLIA GREENS , including, but not limited to any easement area, Common Area, or area where any structure shall be constructed. If any material is buried on any Unit, it is recommended that all subsequent purchasers be advised of the location and type of material(s) deposited. No hazardous, illegal, or governmental regulated material(s) shall be deposited on any Unit in MAGNOLIA GREENS .

(aa) Exterior Features and Structures. All exterior storage areas, laundry facilities, utility areas, service yards or areas, carports, electrical meters, water meters, and gas meters are to be screened from view from streets and adjacent properties by an enclosure, fence, wall or natural landscape materials.

(bb) Conservation/Buffer Areas. In certain instances, conservation areas or green ways, vegetated buffers, wall easements or sign areas may be conveyed with a Unit to an Owner. Such areas are for conservation or easement purposes and as such, not for Owner's private use. No fences or structures of any type may be erected in said areas and no type of vegetation may be removed and no grading, digging or placement of fill material may occur.

Notwithstanding the foregoing, any area identified as a Conservation or Buffer Area or Wall Easement or Sign Area on any map of any part of MAGNOLIA GREENS may be conveyed with a Unit or Units in the Properties or may be conveyed to one or more Unit Owners in the Properties. These area(s) are for conservation or buffer or wall easement or sign easement purposes and, as such, not for the Owner(s)' private use. No structures other than those fences, walls, signs, entranceway structures, landscaping or similar construction by the DECLARANT shall be permitted in these Area(s). In the case of conveyance of a Conservation or Buffer Area or Wall Easement or Sign Area as set forth herein the Association shall have an

easement to go upon the Area(s) to maintain such Areas if the Association is required to maintain such areas. DECLARANT and Association further reserve the right, but not the obligation, and an easement to change, reconstruct or construct any fences, walls, signs, entranceway structures, landscaping or the equivalent in and over the Conservation or Buffer Area(s) or Wall Easement(s) or Sign Area(s).

The Unit Owner or Owners to whom any Conservation or Buffer Easement or Area or Wall Easement or Sign Area is conveyed shall keep the Area mowed and shall maintain it regularly so that said area shall be neat and in good condition and appearance at all times. With the consent and approval of the Association, the Unit Owner may make certain plantings and may landscape the Conservation or Buffer Easement(s) or Area(s) or Wall Easement(s) or Sign Area(s).

If Owner(s), his agents, guests, lessees or licensees shall in any way disturb or damage any vegetation or structure, including walls, fences and signs located in any Conservation or Buffer Area or Wall Easement or Sign Area, as determined by the Board of Directors, the Board may impose a fine in an amount up to \$2,500.00, which fine shall be payable to the Association. In addition, the Owner(s) shall be required to install replacement plant materials and/or restore any structure or pay for the cost of replacement for restoration by the Board within 30 days of notification by the Board of Directors.

(cc) Road Use. The roads are to be used by vehicles or pedestrians for the purposes of transportation. At no time shall any vehicle exceed the speed limit as determined by the Association or the applicable governmental authority. Walkways and trails are to be used solely for pedestrian travel or any non-fossil fuel powered vehicle, and at no time is any vehicle to exceed the speed limit as determined by the Association.

(dd) Rules, Regulations and Supervision of Roads. To the fullest extent allowed by law, the Association is entitled to adopt reasonable Rules and Regulations regarding the supervision, maintenance, control, regulation and use of the roads and promenades, and to enforce the same in any lawful manner which may include, but not be limited to, the imposition of fines for violations thereof, which fines shall be Individual Assessments and may be enforced in accordance with the provisions of Article 10.

(ee) DECLARANT'S Activities. Deleted.

(ff) Flags. Flags of the United States of America or the State of North Carolina shall be displayed on a Unit (including the land which is part of the Unit as well as any improvements thereon) only as follows:

1. Flags shall be of a size no greater than four feet (4') by six feet (6').
2. Flags shall be displayed only from a staff projecting horizontally or at an angle from the vertical surface of the Unit. Flags shall not be displayed from a vertical flag pole.



3. Flags shall be displayed only from sunrise to sunset and shall not be displayed in inclement weather.

4. On Memorial Day, Flag Day, July 4<sup>th</sup> and Veterans Day, an unlimited number of flags may be displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. § 5-10. On all other days, no more than one (1) American flag or one (1) North Carolina flag may be displayed on a Unit and only in conformity with this rule.

5. No other flags, except the flag of the United States of America or the North Carolina flag may be displayed on any Unit without the written approval of the Committee.

12.6 Stormwater Run Off Rules. All Units are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules are amended from time to time. These regulations currently provide that each Unit described in **EXHIBIT A** attached to the Protective Covenants recorded in Book 1191, Page 991, Brunswick County Register of Deeds will be restricted to 4,000 square feet of built upon area including impervious surfaces such as foundation; structures; pavement; concrete; driveways, including that portion of the driveway located within a street right-of-way, which runs from the property line to the road pavement; and walkways or patios of brick, stone or slate, and gravel, marl or stone covered areas, not including wood decking or the water surface of swimming pools. Association reserves the right to recalculate the maximum allowable built upon area in accordance with the storm water runoff rules and regulations of the State of North Carolina and to use eighty percent (80%) of any unused built upon area for each Unit. Association reserves the right to amend this Section to modify the square footage of the built upon area, even after a dwelling is constructed in order to utilize 80% of any unused built upon area in other areas of development within Magnolia Greens. All drainage swales or drainage patterns used to treat stormwater runoff as required by the State of North Carolina may not be filled in, piped or changed without the consent of the Association, its designee, the Association, and the State of North Carolina and shall be maintained as set forth in Article 5 herein. For curb and gutter projects, no one may pipe, fill in, or alter any Unit line swale used to meet North Carolina Stormwater Management Permit requirements. The State of North Carolina is hereby made a beneficiary of these Protective Covenants to the extent necessary to enforce its stormwater runoff regulations as the same may be amended from time to time. The requirements of the stormwater permit cannot be changed without the consent of the State of North Carolina. Each Unit in Phase I, Section IA Magnolia Greens will be restricted to 4,000 square feet of built upon areas including impervious surface.

## ARTICLE 13 EASEMENTS

### 13.1 Easements for Utilities, Etc.

(a) There are hereby reserved unto the Association, and the designees of each, access and maintenance easements upon, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any cable

television system, any master television antenna system, any security and similar systems, roads, walkways, bicycle pathways, trails, ponds, wetlands, drainage systems, street lights, street monuments and columns, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, garbage pickup, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes in these Protective Covenants or on recorded plats of the Properties. Any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expenses of, the Person exercising the easement rights.

(b) DECLARANT specifically grants to the local garbage service, water supplier, sewer company, septic tank company, telephone company, common carriers, and electric company, and all applicable governmental agencies and utility companies, easements across the Properties for ingress, egress, for the purpose of installation, reading, replacing, repairing, and maintaining utility installations, including meters and boxes, maintaining and replacing water, drainage and drainage facilities, sewer and sewer facilities, and for fire fighting, law enforcement, garbage collection and the delivery of mail and packages. However, the exercise of this easement shall not extend to permitting entry into a dwelling. Utilities may not be installed or relocated on the Properties, except as approved by the Board.

### 13.2 Easement for Utility Installation.

(a) All of the property, including Units and Common Area, shall be subject to a perpetual non-exclusive easement for water lines, sanitary sewers, storm drainage facilities, telephone and electric power lines, television antenna lines, and other public utilities as shall be established by the DECLARANT as may hereinafter be designated on any plat or replat of parcels within Magnolia Greens whether the same be within the boundaries of any Unit(s).

(b) Easements and rights of way over and upon the rear, front and side ten (10) feet of each Unit for drainage and the installation and maintenance of utilities and services, including, without limitation, water, sewer, drainage and stormwater runoff facilities, are reserved to and its successors and assigns for such purposes as DECLARANT may deem incident and appropriate to its overall development plan. The easements and right of way areas reserved by on each Unit pursuant hereto shall be maintained continuously by the Owner, but no structures or plantings or other material shall be placed or permitted or remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Improvements within such areas also shall be maintained by the respective Owner except those for which a public authority or utility company is responsible. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary in the opinion of the Association to provide an economical and safe installation. The Association shall have no maintenance responsibilities for such easement areas, unless specifically required by the Protective Covenants or specifically assumed by the Association, in writing, in each instance.

(c) The Association reserves a perpetual, non-exclusive easement for the installation, maintenance and repair of water, sewer, drainage and all other utilities within the right of way of all roads and streets as shown on the recorded plats of the Property, provided that Association does not assume the obligation to install, maintain or repair the same.

(d) The Association hereinafter may grant easements for utility purposes for the benefit of the Properties and the Units now or hereafter located thereon, over, under, along and through the Common Areas. Provided, however that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Unit.

(e) The Properties are subject to a contract with an electric utility company for the installation of underground electrical utilities which may require an initial contribution and/or the installation of street lighting, which will subject each Owner to a continuing monthly payment to that electric utility Company.

(f) All utility wires, lines, cables and lines, and pipes, without limitation, shall be underground.

13.3 Easements to Serve Additional Property. Deleted.

13.4 Easement for Golf Courses.

(a) Each Unit, all Common Areas within Magnolia Green, which are located adjacent to any Golf Course, are burdened with a Golf Course Easement, permitting golf balls unintentionally to come upon such property and for golfers at reasonable times and in a reasonable manner to come upon the property to retrieve errant golf balls unless the Unit has installed fencing or a privacy structure; provided, however, this provision shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the DECLARANT; the Committee, the Association or its Board of Directors or its Members; the Golf Course(s) owner(s) and/or operator(s) and their successors and assigns.

(b) The owner or operator of any Golf Course, their respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course and shall be responsible for the costs and expense to restore the Common Areas relating to the exercise of said easement.

(c) The owner or operator of any Golf Course, and their respective agents, successors, assigns, guests, vendors, invitees, licensees, employees, shall have a perpetual easement and right of ingress and egress over and across any of the roads in the Property, for the purpose of providing the right of ingress and egress, for pedestrian and vehicular travel, to and from said Golf Course(s).

(d) The owner or operator of any Golf Course reserves for itself, its successors, assigns, guests, invitees, licensees, employees and agents a perpetual easement and right of ingress and egress over and across all areas designated as golf course cart paths, pedestrian paths and shown on any recorded plat of the Properties. The construction, maintenance and repair of said golf course cart paths and pedestrian paths shall be the responsibility of the DECLARANT and/or any owner or operator of any Golf Course, and its successors and assigns.

(e) The owner or operator of any Golf Course reserves for itself, its successors and assigns, a perpetual easement within any of the road rights of way within Magnolia Greens, for the establishment, repair and maintenance of directional signs relating to said Golf Courses and shall be responsible for the cost and expenses relating to the exercise of said easement.

(f) The owner or operator of any Golf Course reserves for itself, its successors and assigns the right to relocate golf cart paths, pedestrian paths and roadway crossings in its sole discretion provided however, said right shall not extend to the use of the Common Areas or Units.

(g) Users of the Golf Course and permitted members of the public shall have the right to park their vehicles on the roadways located on the Properties at reasonable times before, during and after golf tournaments and other functions held by or at the golf Course, notwithstanding anything in these Protective Covenants to the contrary. Any owner or operator of any Golf Course shall have the right to conduct golf tournaments and other functions at the Golf Course and Clubhouse.

(h) Privately owned golf carts will not be allowed on Golf Course property without the prior approval of the operator of the Golf Course.

(i) This Article may not be amended without the prior written approval of all Golf Course owner(s)/operator(s).

### 13.5 Easements for Cross-Drainage.

(a) Every Unit and the Common Area shall be burdened with easements for drainage of water runoff from other portions of the Properties; provided, no Unit Owner shall alter the drainage on any Unit so as to materially increase the drainage of water onto adjacent portions of the Properties without the consent of the Owner of the affected property.

(b) Every Unit and the Common Area shall be burdened with easements for drainage and stormwater runoff from the Golf Course; provided no person shall alter the drainage on any Unit so as to materially increase water drainage onto adjacent portions of the Golf Course without the consent of the operator of the affected Golf Course.

(c) The Properties are burdened with a permanent and right to use easement for the benefit of the Association and the owner/operator of any Golf Course, and their

successors and assigns, for the stormwater runoff and drainage facilities located on the Properties, including, without limitation, any stormwater retention ponds or ditches, provided the owner or operator of any Golf Course shall not alter the drainage of the Golf Course so as to materially increase the drainage on any Unit or Common Areas. This easement includes the right to drill, install, locate, maintain and use pipes, conduits and pumps running to the stormwater retention ponds and other related facilities located on the Properties which right shall not be exercised without the written consent of the Association.

(d) The Golf Course is or shall be burdened with a permanent easement and right to use easement for the benefit of the Association, Unit Owners and owners of real property located within the Properties, their heirs, successors and assigns, for the stormwater runoff and drainage facilities located on the Golf Course, including, without limitation, any ponds and/or designated ponds and/or stormwater retention ponds and/or ditches, provided the Association or Unit Owners shall not alter the drainage onto the Golf Course so as to materially increase the drainage on the Golf Course. This easement includes the right of the Association to drill, install, locate, maintain and use pipes and conduits running to the stormwater retention ponds and other related facilities located on the Golf Course, which right shall not be exercised without prior written approval of the owner/operator of the affected Golf Course and in accordance with a Pond Maintenance Agreement between the Association and the Golf Course dated as of November 5, 2012, as may be amended from time to time thereafter. The pumping or other removal of any water from any lake, pond, lagoon or body of water located on property owned by the Golf Course, for any purpose other than firefighting and as provided herein is prohibited without the express written permission of the Golf Course owner or operator. The pumping or other removal of water from any lake, pond, lagoon or body of water located on Common Area owned by the Association for any purpose other than firefighting and as provided herein is prohibited without the express written permission of the Association.

13.6 Power to Grant Easements and Easement for Entry. The Association shall have the power and authority to grant and to establish in, over, upon and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the property. The Association have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to ARTICLE 5 hereof, and to inspect for the purpose of ensuring compliance with these Protective Covenants, any Supplemental Declaration, the Articles, By-Laws, and the Rules and Regulations, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

13.7 Easement for Maintenance. All maintenance of any water, sewer or drainage easement shall be the responsibility of the Owner of the Unit on which said easement is located, his heirs, successors and assigns. No structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, sewer or drainage facilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each Unit and all improvements in it shall be maintained continuously by the owner of the Unit, except for those improvements for which a public authority or utility company is responsible.

13.8 Easement for Street Lighting. The Association reserves the right to subject the real property in this subdivision to a contract for the installation of street lighting, which requires a continuing monthly payment by either the Association or an Owner.

13.9 Easement for Irrigation.

(a) There is hereby reserved for the benefit of the Association and the owner/operator of any Golf Course, and their successors and assigns, a permanent exclusive easement and right (1) to pump water, including treated waste water, from the lakes, ponds, lagoons, waterways, basins, water table, wells, water dependent structures and other bodies of water located in, on or under the Properties and the Golf Course for the purpose of irrigating any portion of the Properties, and the Golf Course, and (2) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Areas and Golf Course. Provided however, said easement shall not be exercised by the Association or the owner/operator of any Golf Course without the express written permission from the Association and the Golf Course and in accordance with a Pond Maintenance Agreement between the Association and the Golf Course dated as of November 5, 2012, as may be amended from time to time thereafter.

(b) The Property is hereby burdened with a permanent, exclusive easement in favor of the Association and any owner/operator of any Golf Course, and their successors and assigns, for overspray and/or surface or sub-surface flow of water from any irrigation system serving the Properties and/or the Golf Course. Said water may be non-potable water and may be a product of or effluent from a public or private sewer system serving the Property and/or other properties. Under no circumstances shall the Association or the owners or operators of the Golf Courses be held liable for any damage or injury resulting from said water, or the exercise of this easement.

13.10 Easements for Owner's Ingress and Egress. Every Owner, and their heirs, successors, assigns, guests and licensees, shall have a perpetual easement and right of ingress and egress over and across any of the roads and sidewalks located or to be located within the Properties, as shown on any recorded plats of the Property, for the purpose of providing vehicular and pedestrian access to and from the Properties.

13.11 Easement for Pathways. Each Owner, and their authorized guests or invitees, shall have a perpetual, non-exclusive easement for the use and enjoyment of bicycle paths, pedestrian paths, or nature preserve trails, if any, which may be established by the

DECLARANT. This easement does NOT include the right to use any paths on the golf course, including cart paths except as approved by the golf course owner/operator.

13.12 Easements for Ingress and Egress. There is hereby reserved to all authorized users (as determined by the Board of Directors) an easement over the streets, roadways and walkways and the Common Areas for direct ingress and egress to and from the Common Areas, subject to Board regulation.

13.13 Use of Golf Course. Access to and use of the Golf course is strictly subject to the rules and procedures of the respective owners and/or operators of the Golf Course, and no Person gains any right to enter or to use these facilities by virtue of membership in the Association or ownership or occupancy of a Unit. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners and/or operators.

13.14 Reservation of Water Rights. The Association hereby reserves for itself and its successors and assigns all right to ground water, surface water, and storm water runoff within the Properties and each Owner agrees, by acceptance of a deed to a Unit, that the Association shall retain all such rights, provided however, such right does not imply an obligation of the Association to claim or capture said water, or to be liable for any damage caused by said water. No Person other than the Association and its designees shall claim, capture or collect rainwater, ground water, surface water or storm water runoff within the Properties without prior written permission of the Association. No Owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed under this provision. The Board shall also have the right to establish restrictions on or prohibit outside use of potable water within the Properties. Owners agree to abide by any applicable governmental rules or regulations on use of water for personal use.

13.15 Common Area Easement. Every Owner of a Unit within the Properties, as an appurtenance to such Unit, shall have a perpetual easement over and upon the Common Areas within the Properties for each and every purpose or use to which such Common Areas were intended as determined by their type, or for which such Common Areas generally are used subject to the provision of these Protective Covenants. Such easements shall be appurtenant to and shall pass with the title to every Unit located within the Properties, whether or not specifically included in a deed thereto.

13.16 Central Sewer System. Deleted.

13.17 Easements Affecting Magnolia Greens. Portions of the property described in **EXHIBIT B** to the Protective Covenants recorded in Book 1191, Page 991, Brunswick County Register of Deeds are subject to easements for electrical transmission lines, and utility lines and fuel lines to Carolina Power and Light Company, Brunswick Electric Membership Corporation and Exxon Corporation. No Owner or owner of any part of the Properties or Builder or any Golf Course owner or operator may undertake any actions which will infringe upon or cause damage to these easements. Any such person who undertakes actions contrary to this Section shall be liable and responsible for all costs and damages caused by such action.

13.18 Easements Run with the Land. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on all undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the benefit of and be binding on the undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement is made in the respective deeds of conveyance, or in any Mortgage or trust deed or other evidence of obligation, to the easements and rights described in these Protective Covenants.

#### ARTICLE 14 MORTGAGEE PROVISIONS

14.1 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

14.2 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 within 30 days of the mailing of such request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

#### ARTICLE 15 DECLARANT'S RIGHTS Deleted.

#### ARTICLE 16 GOLF COURSE

16.1 Ownership and Operation of Golf Courses. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the DECLARANT or Association or any other Persons with regard to the continuing existence, ownership or operation of any Golf Course, if any. All representations regarding Golf Course operations shall only be made by the owner/operator of the Golf Course. Further, the ownership or operational duties of and as to the Golf Course may change at any time and from time to time by virtue of, but without limitation, (a) the sale or assumption of operations of the Golf Course by or to an independent person or entity, (b) the sale of the Golf Course to the MAGNOLIA GREENS MASTER ASSOCIATION, INC., (c) the conveyance, pursuant to contract, option, or otherwise, of the Golf Course to one or more affiliates, shareholders, employees or independent contractors of DECLARANT or the Golf Course, or (d) the acquisition of the Golf Course by the holder of a mortgage on the property of the Golf Course. No consent of the Association, or any owner of any part of the Properties, or any Owner shall be required to effectuate such transfer for

or without consideration and subject to or not subject to any mortgage, covenant, lien, or other encumbrance on the applicable land and other property.

16.2 Right to Use. Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use any Golf Course. Rights to use any Golf Course will be granted, continued and/or terminated, only to such persons, and on such terms and conditions, as may be determined from time to time by the owner and/or operator of any Golf Course.

16.3 View Impairment. Neither the DECLARANT, the Association nor the owner or operator of any Golf Course guarantees or represents that any view over and across any Golf Course from adjacent Units will be preserved without impairment. The owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens on any Golf Course from time to time. Any additions or changes to any Golf Course may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and/or radio waves and are hereby expressly disclaimed.

16.4 Use of Golf Course Property. All Owners of Units or any part of the Properties must abide by and comply with all Golf Course rules and regulations regarding use of the Golf Course property as established by any Golf Course owner/operator and are subject to fines and penalties as established by any Golf Course owner/operator for failing to do so.

16.5 Jurisdiction. Except as specifically provided in these Protective Covenants, the Articles, or the By-Laws, the Association shall have no jurisdiction or power to promulgate rules and regulations affecting activities or use of the Golf Course.

16.6 Limitation on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the owner/operator of the Golf Course, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner and/or the operator of any Golf Course by other provisions of these Protective Covenants, may be made without the written approval of the owner and/or operator of the Golf Course.

## ARTICLE 17

### DURATION, AMENDMENT AND TERMINATION

17.1 Units, Persons and Entities Subject to the Protective Covenants, Duration and Termination All present and future Owners, tenants, and occupants of Units and their guests or invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in these Protective Covenants, and as the Protective Covenants may be amended from time to time. The Acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of these Protective Covenants are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Protective Covenants. The covenants, conditions, restrictions, and affirmative obligations of these Protective Covenants shall inure to the benefit of and be enforceable by the

Association, or the Owner of any Unit, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date these Protective Covenants are recorded in the Brunswick County Registry, after which date these Protective Covenants shall be extended for successive periods of twenty (20) years, unless a majority of all the then Owners agree to revoke the same, and the covenants, restrictions, conditions and affirmative obligations of this obligations shall run with and bind the land and shall bind any person having at any time any interest or estate in any Unit as though such provision were made a part of each and every deed of conveyance or lease.

17.2 Amendment. These Protective Covenants may be amended by vote of at least sixty-seven percent (67 %) of the total votes in the Association and an instrument must be recorded at the Brunswick County Registry for all such amendments to be effective. In no event may the Protective Covenants be amended so as to alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Association or DECLARANT may amend these Protective Covenants, and any prior amendments, annexations or maps, to correct obvious clerical or typographical errors without a vote of the Members. No amendments may remove, revoke, or modify any benefit, right or privilege of the DECLARANT hereunder without the written consent of the DECLARANT or the assignee of such right or privilege.

## ARTICLE 18

### COMPLIANCE WITH THESE PROTECTIVE COVENANTS, THE ARTICLES, THE BYLAWS AND THE RULES AND REGULATIONS OF THE ASSOCIATION

In the case of failure of an Owner or any Golf Course owner/Operator to comply with the terms and provisions contained in these Protective Covenants, the Articles, the By-Laws or Rules and Regulations of the Association, the following relief shall be available:

18.1 Enforcement. The Association and any Owner, an aggrieved Owner within Magnolia Greens on behalf of the Association or any Owner on behalf of all the Owners within Magnolia Greens shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Protective Covenants and the Articles, By-Laws and Rules and Regulations of the Association and any and all laws hereinafter imposed pursuant to the terms of these Protective Covenants. Any owner/operator of any Golf Course shall have the right to enforce any covenant, condition and restriction of these Protective Covenants and the Articles, and the By-Laws which confers any right or privilege on the owner/operator of the Golf Course. The prevailing party shall be entitled to collect all costs thereof, including reasonable attorney's fees.

18.2 Remedies. The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner as an individual assessment as provided in Article 10 herein.

18.3 Suspension of Rights. For any violation by an Owner, including, but not limited to, the nonpayment of any general, special or individual assessment, the Association shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his

agents, lessees, employees, licensees and invitees of the Common Areas and Amenities in Magnolia Greens (1) for any period which any charge against an Owner's Unit remains unpaid, and (2) for a period not to exceed sixty (60) days for a single violation or for a longer period of time in the case of a continuing violation with the Protective Covenants, any Supplemental Declaration, the Articles, the By-Laws or the Rules and Regulations after a notice and hearing as provided in the By-Laws.

18.4 Fines. The Association may establish a schedule of fines for the violation of these Protective Covenants, the Articles, By-Laws and Rules and Regulations. If an Owner does not pay the fine within 15 days the fine shall be an individual assessment against the property and may be enforced by the Association in accordance with Article 10 herein.

18.5 Remedies Cumulative. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

18.6 Waiver. The failure of the Association or any person or Owner to enforce any restriction contained in these Protective Covenants, the Articles, the By-Laws or the Rules and Regulations shall not be deemed a waiver of the right to do so thereafter.

#### ARTICLE 19 GENERAL PROVISIONS

19.1 Dispute Resolution. Omitted

19.2 Municipal Water, Sewer Service and Utilities. Municipal sewer service may be provided by a municipal agency or department. Water service for the Properties may be provided by a municipal agency or department, or by licensed utility company. If water service to the Unit is available from a municipal agency or department or a licensed utility company, all Owner(s) must tie into and use such system and shall not use a private well. No private well shall be permitted on any Unit except for irrigation purposes or if municipal or community water service is not available and if approved in writing by the Committee. The Association has the right to require removal of any unapproved well. The Board may require an Owner to connect to re-use water for irrigation purposes. Association shall not be responsible for loss of service or failure of any utility company to provide service to any Unit.

19.3 Amenities and Facilities. Every park, recreation area, recreation facility, Common Areas, Amenities, dedicated access and other amenities appurtenant to the Properties, whether or not shown and delineated on any recorded plat of the Properties, shall be considered private and for the sole and exclusive use of the Owners of Units within the Properties. Neither DECLARANT'S execution nor the recording of any plat nor any other act of DECLARANT with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities, or Amenities.

19.4 Commercial Property. Commercial Property may be located adjacent to Magnolia Greens, including along any entrance areas along Lanvale Road or U.S. Highway 17.

These commercial properties will not be part of the Properties and will not be subject to these Protective Covenants.

19.5 HUD/VA Approval. Omitted.

19.6 Waiver. No provision contained in these Protective Covenants, the Articles of Incorporation, the By-Laws of the Association or the Rules and Regulations shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

19.7 Variances. The Board in its discretion may allow reasonable variances and adjustments of these Protective Covenants in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Subdivision of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

19.8 Conflict. In the event of any irreconcilable conflict between these Protective Covenants and the By-Laws of the Association, the provisions of these Protective Covenants shall control. In the event of any irreconcilable conflict between these Protective Covenants or the By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control. In the event of any irreconcilable conflict between the Rules and Regulations and the Articles, Protective Covenants or the By-Laws, the Articles, Protective Covenants or By-Laws shall control.

19.9 Severability. Invalidity of any one of these covenants or restrictions by judgment or any court, agency or legislative order shall in no way affect any other provision, covenants, conditions or restrictions contained in these Protective Covenants.

19.10 Captions. The captions preceding the various Articles of these Protective Covenants are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Protective Covenants. As used herein, the singular includes the plural and where there is more than one Owner of a Unit, said Owners are jointly and severally liable for the obligations herein imposed. Throughout these Protective Covenants, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

19.11 Assignability of Rights and Liabilities. Deleted.

19.12 Liberal Construction. The provisions of these Protective Covenants shall be construed liberally to effectuate its purpose of creating a subdivision of fee simple ownership of Units and buildings governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an Owners' Association with each Owner entitled to and burdened with the rights and easements equivalent to those of other Owners.

19.13 Cumulative Effect. The covenants, restrictions, and provisions of these Protective Covenants shall be cumulative with those of any Village and the Association may, but shall not be required to, enforce the covenants, conditions, and provisions of any Village; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Village shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

19.14 Use of the Words "Magnolia Greens". Declarant hereby assigns to the Association the use of the words "Magnolia Greens" and the logo for Magnolia Greens, a copy of which is attached hereto as Exhibit B. Said assignment is without warranty or recourse. Owners may use the words "Magnolia Greens" in printed or promotional matter solely to specify that particular property is located within the Properties.

IN TESTIMONY WHEREOF, Landmark Developers, Inc., the DECLARANT, has caused this instrument to be executed in its corporate name, this 5 day of November, 2012.

LANDMARK DEVELOPERS, INC.

BY: [Signature]  
Printed Name: W. CHRISTOPHER STEPHENS  
Title: PRESIDENT

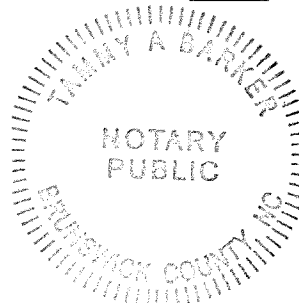
STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Tammy A. Barker, a Notary of said County and State certify that W. Christopher Stephens personally came before me this day and acknowledged that he/she is President of Landmark Developers, Inc. a North Carolina corporation and that by authority duly given did voluntarily sign this instrument for the purpose stated herein.

WITNESS my hand and notarial stamp or seal, this the 5 day of November, 2012.

Tammy A. Barker  
Notary Public  
My Commission Expires: 3/27/13



Magnolia Greens Master Association, Inc. joins in this instrument to indicate its consent thereto this the 5<sup>th</sup> day of NOVEMBER, 2012.

Magnolia Greens Master Association, Inc.

By: W. Christopher Stephens  
Printed Name: W. Christopher Stephens  
Title: PRESIDENT

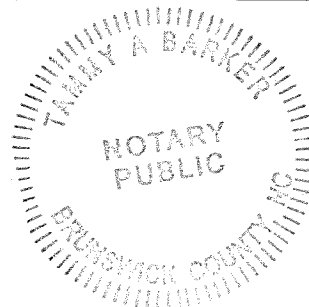
STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Tammy A. Barker, a Notary of said County and State certify that W. Christopher Stephens personally came before me this day and acknowledged that he/she is President of Magnolia Greens Master Association, Inc. a North Carolina non-profit corporation and that by authority duly given did voluntarily sign this instrument for the purpose stated herein.

WITNESS my hand and notarial stamp or seal, this the 5 day of November, 2012.

Tammy A. Barker  
Notary Public  
My Commission Expires: 3/21/13



Magnolia Greens Ventures, LLC joins in this instrument to indicate its consent thereto this the 5<sup>th</sup> day of November, 2012.

Magnolia Greens Ventures, LLC

By: [Signature]  
Printed Name: TOMMY JACOBS  
Title: Manager

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Tammy A. Barker, a Notary of said County and State certify that TOMMY JACOBS personally came before me this day and acknowledged that he/she is Manager of Magnolia Greens Ventures, LLC a North Carolina limited liability company and that by authority duly given did voluntarily sign this instrument for the purpose stated herein.

WITNESS my hand and notarial stamp or seal, this the 5 day of November, 2012.

Tammy A. Barker  
Notary Public  
My Commission Expires: 3/27/13

