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STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

DECLARATION OF RESTRICTIVE AND PROTECTIVE
COVENANTS FOR BATCHELORS COVE

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS, hereinafter "Declaration," made this the 24th day of, May, 2017, by McNeill and Associates, Inc., hereinafter called "Declarant",

WITNESSETH:

THAT WHEREAS, the Declarant is the owner of the real property described in Schedule "A" attached to this Declaration and is desirous of subjecting said real property to the protective covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each owner thereof, and shall

Submitted electronically by "MICHAEL LINCOLN P.A."
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Onslow County Register of Deeds.

and are for the benefit of such property and for each owner thereof, and shall ensure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind all owners and any heirs, assigns and successors in interest.

AND WHEREAS, this Declaration of Restrictive and Protective Covenants is subject to all of the Sections of Chapter 47F of the North Carolina General Statutes, entitled "Management of Planned Community" of the North Carolina General Statutes.

NOW THEREFORE, the Declarant hereby declares that the real property in and referred to in Schedule "A" attached hereto is and shall be held, transferred, sold and conveyed subject to the protective covenants set forth below.

ARTICLE I

SUBJECT PROPERTY. The real property which is, and shall be held, transferred, sold and conveyed subject to the protective covenants set forth in the Articles of this Declaration is located in the County of Onslow, State of North Carolina and is more particularly described as follows:

SEE SCHEDULE "A", ATTACHED HERETO AND INCORPORATED HEREIN AS IF FULLY SET OUT, HEREIN.

ARTICLE II

HOMEOWNERS ASSOCIATION. The Association shall, at all times pertinent hereto, be called "BATCHELORS COVE OWNERS ASSOCIATION, INC." hereinafter the "Association", and has been formed to operate pursuant to the mandates of Chapter 47F of the North Carolina General Statutes and shall be governed pursuant to N.C.G.S. §47F-3-102. The Bylaws to be used by the Association are attached hereto as Schedule "B", and a copy of said Bylaws shall be provided to each future lot purchaser along with a copy of this Declaration. The original name was BATCHELORS COVE HOA, INC., but that is presently being amended to the name above set forth within this Article.

ARTICLE III

PURPOSES. No lot or lots shall be put to any use other than for residential purposes, except that any lot which is owned by Declarant may be used by the Declarant for a street, roadway or common area.

ARTICLE IV

LAND USE AND BUILDING TYPE. No building shall be used except for residential purposes. No structure shall be erected, placed, altered, or permitted to remain on any such lot other than single family dwelling not to exceed two and one-half stories in height. A private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, and such other outbuildings as may be reasonably appurtenant to the dwelling, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. This covenant shall not be construed as prohibiting the use of a new single family dwelling as a model home for sales purposes. Each lot owner shall maintain his or her lot up to the boundary of any bordering street or adjacent lot including any ditches or culverts and shall be responsible for any damage done to any water pipes or utility lines.

ARTICLE V

DWELLING QUALITY AND SIZE. There shall be not less than 1,400 square feet for any dwelling. All homes shall consist of stick built, brick or stone, and no mobile homes or other manufactured homes are permitted in this Subdivision. Once formed, a majority of the Board of Directors of the Association shall approve any plans and specifications for construction or renovation of homes. The Board may appoint a three (3) person Architectural Control Committee to approve plans and specifications. Prior to the above, the Declarant shall approve all proposed plans and specifications.

ARTICLE VI

BUILDING LOCATION. No building shall be located on any corner lot nearer to the front line or any side street line than as shown on the recorded plat. No building shall be located with respect to interior side lot lines so as to be nearer than 8 feet to either such line. No dwelling shall be located on any interior lot nearer to the front lot line than as shown on the recorded plat nor nearer than 15 feet from the rear lot line, and no garage or other permitted access or building shall be located nearer than 15 feet from the rear lot line. The front setback for any structure shall be not less than 25 feet from the front lot line. No dwelling shall be located on any corner lot nearer than 25 feet from the side lot line. For the purposes of this Declaration, eaves, steps, open porches, and carports shall not be considered as part of a building provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. An error of not more than 10 percent in the location of a building on the lot with respect to the minimum set back lines shall not be considered a violation of these Covenants. Each lot owner shall pay a Parks and Recreation fee of \$400.00 or more, subject to change, to the County of Onslow when obtaining a building permit either through the lot owner or any designated agent of the lot owner.

ARTICLE VII

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

ARTICLE VIII

EASEMENTS. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear ten feet of each lot within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

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

ARTICLE IX

LIVESTOCK AND POULTRY. No animals, livestock, with the exception of female chickens only, shall be raised, bred or kept on any lot, except that dogs, cats or other pre approved by the Board household pets may be kept provided that they are not kept, bred or maintained for commercial purposes. Any and all pets shall not be allowed on the premises unless the same are under the direct control of the owner at all times and are not creating a nuisance to the other owners within the property.

ARTICLE X

BUILDING PLANS AND SPECIFICATIONS. As aforesaid, no dwelling, other building or accessory building shall be erected upon any lot unless the plans and specifications thereof unless approved in writing by Declarant, the Board of Directors or the Architectural Committee, whichever is applicable. Except as to this Declarant or his hired contractor, once plans are approved, then the Owner or the Builder shall deposit a nonrefundable deposit of \$250.00 made payable to "Batchelors Cove Owners Association, Inc.", and shall be deposited into its capital account.

ARTICLE XI

ERECTION OF FENCES AND TREES. No fences over six (6) feet in height shall be constructed between the front of the primary dwelling and the back lot line. No fence shall be erected between the front of the primary dwelling and the street right of way unless such fence is erected for aesthetic or ornamental nature. Brick, metal and split-rail shall be deemed to meet the requirements of this restriction. No chain link fences are permitted.

The initial Lot Owner, or agent, obtaining a building permit shall plant one understory tree for every fifty (50) feet of road frontage whether the frontage be on the side of the lot or front of the Lot or both. This provision shall not apply to Lot Owners who do not obtain a building permit while owning said Lot.

ARTICLE XII

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

ARTICLE XIII

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

ARTICLE XIV

TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be allowed. No trailer, mobile home, camper or line vehicles shall be

parked on any lot at any time for any purpose. Boats and RVs shall any vehicle be allowed to remain on a Lot so long as either is parked in the backyard or on the side of the house and is on a concrete pad set up in the backyard or as an extension to the driveway. Either the boat or RV may be parked in the owner's garage.

ARTICLE XV

DRAINAGE. All driveways shall be installed and sized in accordance with the County of Onslow and N. C. State Highway recommendations in place at the time of installation. Each lot owner shall mow and maintain his property to the edge of the paved road and to his borders.

ARTICLE XVI

ASSESSMENTS FOR COMMON EXPENSES:

- (a) Except as otherwise provided in the Declaration, the initial common expense assessment shall be determined per lot per year at a later date by the Declarant.
- (b) Declarant shall pay all common expenses not covered by assessments. After any assessment have been paid to the Association, assessments thereafter shall be made at least annually.
- (c) All common expenses shall be assessed against all the lots in accordance with the allocations set forth in the Declaration. Any past-due common expense assessment or installment thereof bears interest at the rate established by the Association not exceeding eighteen percent (18%) per year.
- (d) The Declarant is hereby exempt from paying any assessments, so long as it or its successor Declarant owns said Lot. Once said Lot is transferred to the third Party and not a Successor Declarant, the new owner will be responsible for paying assessments from that time forward.

ARTICLE XVII

LIEN FOR SUMS DUE THE ASSOCIATION; ENFORCEMENT:

- (a) Any assessment attributable to a lot which remains unpaid for a period of 30 days or longer shall constitute a lien on that lot when a claim of lien is filed on record in the office of the clerk of superior court of Onslow County in the manner provided in this section. Once filed, a claim of lien secures all sums due the Association through the date filed and any sums due to the Association thereafter. Unless the declaration provides otherwise, fees, charges, late charges, and other charges imposed pursuant to N.C.G. S. 47F-3-102, 47F-3-107, 47F-3-107.1 and 48F-3-115 are subject to the claim of lien under this

section as well as any other sums due and payable to the Association under the Declaration, the provisions of Chapter 47F, or as the result of an arbitration, mediation, or judicial decision.

(b) The Association must make reasonable and diligent efforts to ensure that its records contain the lot owner's current mailing address. No fewer than 15 days prior to filing the lien, the association shall mail a statement of the assessment amount due by first-class mail to the physical address of the lot and the owner's address of record with the Association and if different, to the address for the lot owner shown on the county tax records for the lot. If the lot owner is a corporation or limited liability company, the statement shall also be sent by first-class mail to the mailing address of the registered agent for the corporation or limited liability company. Notwithstanding anything to the contrary in Chapter 47F/ the Association is not required to mail a statement to an address known to be a vacant lot on which no dwelling has been constructed or to a lot for which there is no United States postal address.

(c) A claim of lien shall set forth the name and address of the Association, the name of the record owner of the lot at the time the claim of lien is filed, a description of the lot, and the amount of the lien claimed. A claim of lien may also appoint a trustee to conduct a foreclosure, as provided in subsection (e) of this section. The first page of the claim of lien shall contain the following statement in print that is boldface, capital letters, and no smaller than the largest print used elsewhere in the document:

"THIS DOCUMENT CONSTITUTES A LIEN AGAINST YOUR PROPERTY, AND IF THE LIEN IS NOT PAID, THE HOMEOWNERS ASSOCIATION MAY PROCEED WITH FORECLOSURE AGAINST YOUR PROPERTY IN LIKE MANNER AS A MORTGAGE UNDER NORTH CAROLINA LAW."

The person signing the claim of lien on behalf of the Association shall attach to and file with the claim of lien a certificate of service attesting to the attempt of service on the record owners, which service shall be attempted in accordance with N.C.G. S. 1A-1, Rule 4U), for service of a copy of a summons and a complaint. If the actual service is not achieved, the person signing the claim of lien on behalf of the Association shall be deemed to have met the requirements of this subsection if service has been attempted pursuant to both the following (i) N.C.G.S. 1A-1, Rule 4(j)(1)c, d, ore and (ii) by mailing a copy of the lien by regular first-class mail, postage prepaid to the physical address of the lot and the lot owner's address of record with the association, and, if different, to the address for the lot owner shown on the county tax records and the county real property records for the lot. In the event that the owner of record is not a natural person, and actual service is not achieved, the person signing the claim of lien on behalf of the Association shall be deemed to have met the requirements of this subsection if service has been attempted once pursuant to the applicable provisions of N.C.G.S. 1A-1, Rule 4(j)(3) through

N.C.G. S. 1A-1, Rule 4 (j)(9). Notwithstanding anything to the contrary In this Chapter, the Association is not required to mail a claim of lien to an address which is known to be a vacant lot on which no dwelling has been constructed or to a lot for which there is not a United States postal address. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the filing of the claim of lien in the office of the clerk of superior court.

(d) The Association shall be entitled to recover the reasonable attorneys' fees and costs it incurs in connection with collection of any sums due. A lot owner may not be required to pay attorneys' fees and court costs until the lot owner is notified in writing of the Association's intent to seek payment of attorneys' fees, costs, and expenses. The notice shall set out the outstanding balance due as of the date of the notice and state that the lot owner has 15 days from the mailing of the notice by first-class mail to

pay the outstanding balance without the attorneys' fees and court costs. If the lot owner pays the outstanding balance within this period, then the lot owner shall have no obligation to pay attorneys' fees, costs or expenses. The notice shall also inform the lot owner of the opportunity to contact a representative of the association to discuss a payment schedule for the outstanding balance and shall provide the name and telephone number of the representative.

(e) The Association, acting through the executive board, may foreclose a claim of lien in like manner as a mortgage or deed of trust on real estate under power of sale, as provided in Article 2A of Chapter 45 of the North Carolina General Statutes if the assessment remains unpaid for 90 days or more. The Association shall not foreclose the claim of lien unless the executive board votes to commence the proceeding against the specific lot.

ARTICLE XVIII

DECLARATION LIMITS ON ATTORNEYS' FEES: Except as provided in N.C.G.S. 47F-3-116, in an action to enforce provisions of the Articles of Incorporation, the Declaration, Bylaws, or duly adopted rules or regulations, the court may award reasonable attorneys' fees to the prevailing party if recovery of attorneys' fees is allowed in this Declaration.

ARTICLE XIX

UPKEEP OF PLANNED COMMUNITY; RESPONSIBILITY AND ASSESSMENTS FOR DAMAGES:

(a) Except as otherwise provided in the Declaration, N.C.G. S. 47F-3- 113(h) or subsection (b) of this section, the Association is responsible for causing the common elements to be maintained, repaired, and replaced when necessary and to assess the lot owners as necessary to recover the costs of maintenance, repair, or replacement except that the costs of maintenance, repair, or replacement of a limited common element shall be assessed as provided in N.C.G. S. 47F-3- 115(c)(1). Except as otherwise provided in the Declaration, each lot owner is responsible for the maintenance and repair of his lot and any improvements thereon. Each lot owner shall afford to the association and when necessary to another lot owner access through the lot owner's lot or the limited common element allocated to the lot owner's lot reasonably necessary for any such maintenance, repair, or replacement activity.

(b) If a lot owner is legally responsible for damage inflicted on any common element or limited common element, the Association may direct such lot owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible lot owner.

(c) If damage is inflicted on any lot by an agent of the association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the lot owner for the cost of repairing such damages. The Association shall also be liable for any losses to the lot owner.

(d) When the claim under subsection (b) or (c) of this section is less than or equal to the jurisdictional amount established for small claims by N.C.G. S. 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the executive board to determine if a

lot owner is responsible for damages to any common element or the Association is responsible for damages to any lot. If the executive board fails to appoint an adjudicatory panel to hear such matters, hearings under this section shall be held before the executive board. Such a panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each lot owner charged or against the association not in excess of the jurisdictional amount established for small claims by N.C.G. S. 7A-210. When the claim under subsection (b) or (c) of this section exceeds the jurisdictional amount established for all claims by N.C.G. S. 7A-210, liability of any lot owner charged or the Association shall be determined as otherwise provided by law. Liabilities of lot owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under N.C.G.S. 47F-3-116. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the lot owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the lot at issue.

(e) The Association shall not be liable for maintenance, repair, and all other expenses in connection with any real estate which has not been incorporated into the planned community.

ARTICLE XX

TERM. These Covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these Covenants are recorded, after which such time such Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by sixty-seven percent (67%) of the then owners of the lots has been recorded, agreeing to change said Covenants in whole or in part, with the exception of Article XXV, which may not be amended without the express permission of the State of North Carolina.

ARTICLE XXI

ENFORCEMENT. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violations or to recover damages.

ARTICLE XXII

MODIFICATION. These restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by the Declarant or their successors in title and by the owner of not less than sixty-seven (67) percent (67%) of the subdivided lots or parts of said subdivision to which these restrictions apply, and recorded in the Office of the Register of Deeds of Onslow County, North Carolina. If the Declarant owns

sixty-seven (67%) percent or more of the subdivided lots, the Declarant may alter or amend these covenants without consent of anyone, except as to Article XXV which may not be amended at any time except by the State of North Carolina.

ARTICLE XXIII

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

ARTICLE XXIV

SIDEWALKS. Each individual lot owner may be responsible for installing the sidewalk in front of his or her lot between the side lot corners and said sidewalks shall be constructed pursuant to The County of Onslow approval, and the County of Onslow may obligate itself to perpetually maintain all sidewalks located in Batchelors Cove. At present, sidewalks are not required by Onslow County. At no time hereafter shall the Declarant be responsible for installing sidewalks in this Subdivision.

ARTICLE XXV

STORMWATER MANAGEMENT. The preceding covenants are intended to ensure ongoing compliance with the State Stormwater Management Permit Number SW8 220112, as issued by the Division of Water Quality under Title 15 A NCAC 2H.1000 amended on January 1, 2017 (2017 Rules). The State of North Carolina is made a beneficiary of this Declaration to the extent necessary to maintain compliance with the stormwater management permit. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the State.

The maximum allowable built-upon area per Lot is set out in Schedule "c" attached hereto. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area include, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate and coquina, but does not include raised, openwood decking, or the water surface of swimming pools. Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development, except for average driveway crossings, is strictly prohibited by any persons. Each lot will maintain a 50 foot wide vegetated buffer between all imperious areas and surface waters. All roof drains shall terminate at least 50 feet from the mean high water mark.

ARTICLE XXVI

SUBDIVISION DEVELOPMENT REQUIREMENTS PER N.C.

SEE SCHEDULE "C" ATTACHED HERETO AND INCORPORATED HEREIN AS IF FULLY SET OUT

ARTICLE XXVII

WETLANDS. The Declarant has received its General Permit from the U.S. Army Corps of Engineers regarding Wetlands' restrictions, Permit No. SAW 2022-00982 for Batchelors Cove pursuant to Section 404 (Clean Water Act, 33 USC 1344). This permit authorizes 0.013 (588 sq. ft.) of an acre of permanent wetland impacts and 0.006 (240 sq. ft.) of an acre of stream bed impacts for the placement of a culvert and road crossing for a residential subdivision. No additional impacts to Wetlands are authorized without the U.S. Army Corps of Engineers approval.

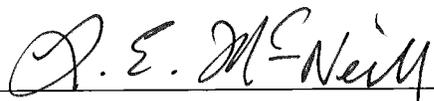
ARTICLE XXVIII

STREET MAINTENANCE. Until such time as the State of North Carolina assumes maintenance of the streets, the Declarant or the Association, whichever is applicable shall repair and maintain all roads and streets within the subdivision. Once the Declarant has sold more than 32 Lots in Batchelors Cove, the roads and remaining common areas by the Declarant shall be transferred to the Association which is hereby obligated to accept that transfer.

IN WITNESS WHEREOF, the President of McNeill and Associates, Inc., a North Carolina Corporation, has executed this Declaration for and on behalf of the Corporation, with authority duly given in his capacity, the day and year first above written.

THE DECLARANT:

McNEILL AND ASSOCIATES, INC.

BY:  (SEAL)

L.E. McNEILL, PRESIDENT

NORTH CAROLINA

CARTERET COUNTY

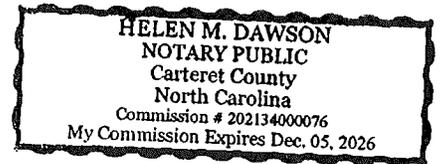
I, Helen M. Dawson, a Notary Public for said County and State, certify that L.E. McNEILL, personally came before me this day and acknowledged that he is President of McNeill and Associates, Inc., a corporation formed under the laws of the State of North Carolina, and that by duly given and as the act of corporation, the foregoing Restrictive Covenants was signed in its name by its President under seal.

Witness my hand and official seal, this the 1st day of May, 2023.

Helen M. Dawson

Notary Public

My Commission Expires: Dec. 5, 2026



SCHEDULE "A"
LEGAL DESCRIPTION

BEING all of that tract of land comprising 71.80 Acres and being subdivided per Final Plat of Batchelors Cove, as prepared by Tidewater Associations, Inc., dated January 26, 2023 and approved on April 18, 2023, and recorded in Map Book 84, Page 27-30 of the Onslow County Registry.

SCHEDULE "B"
BY-LAWS OF
BATCHELORS COVE OWNERS ASSOCIATION, INC.

ARTICLE I
Name and Definitions

Section 1. Name. The name of the corporation shall be Batchelors Cove Owners Association, Inc. (hereinafter sometimes referred to as the "Association" or "Corporation"), and these Bylaws are promulgated in keeping with and subject to Chapter 47F of the North Carolina General Statutes.

Section 2. Definitions. The words and phrases used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Batchelors Cove unless the context provides an alternate meaning.

Section 3. As used in these Bylaws the masculine, feminine, and neuter genders are interchangeable and the singular includes the plural as required by context.

Section 4. The Corporation was formed under the laws of the State of North Carolina effective on May 1, 2023.

Section 5. Reference to Corporation or Association are interchangeable with each other.

ARTICLE II

Membership, Certificates, and Transfer

Section 1. Membership. A person shall automatically become a member of the Corporation upon his acquisition of title to a lot in the Subdivision and may become a member in no other manner.

Provided, that in order to entitle the acquirer of title to a lot to become a member, such acquisition shall be in a manner consistent with the terms and restrictions regarding acquisitions contained in the Declaration, the Articles of the Incorporation, and these Bylaws. Provided further, the Declarant shall be a member for each lot owned within the subdivision so as the Declarant owns a lot within the subdivision. Reference to Corporation or Association are interchangeable with each other and are synonymous with each other.

Section 2. Suspension or Termination of Membership Rights. The membership rights of a member shall not be suspended so long as the person continues to hold title to a lot, is not in

violation of any rule or regulation of the Declaration or the Articles, and is not in arrears in payment of any assessment. Such rights as arise because of ownership of any particular lot shall automatically terminate upon transfer of the lot in a manner consistent with the restrictions contained in the Declaration, the Articles of incorporation and these Bylaws.

Section 3. Voting. The Corporation shall have one class of membership whose members shall be those owners of lots within the subdivision as defined in the Declaration and shall be entitled to one vote for each lot owned; provided, however, when more than one person holds an interest in any lot, all such persons shall hold the membership with regard to such lot in undivided interest. The vote of such multiple owners of a lot shall be exercised as they, among themselves, shall determine, but in no event shall any fractional vote be counted or more than one (1) vote be cast with respect to anyone (1) lot.

Section 4. Application for Membership. Application for membership shall consist of notice to the Corporation, on forms provided by the Corporation, that the applicant has acquired title to a lot within the subdivision. All applications shall automatically be approved by the Corporation if the acquisition of such title was in a manner consistent with the requirements set out herein.

Section 5. Transfer of Membership. Memberships are not transferable. Membership occurs only upon the occurrence of those events set out in this Article. No member shall have a property right in the Corporation nor any property right as a member in any membership certificate, if such certificates are issued.

Section 6. Declarant. The Declarant, as well as any Successor Declarant, is exempt from payment of any assessments established under the Declaration or these Bylaws for any lots originally developed and not transferred to third party Buyers. Also, the Declarant may require reimbursement from the Corporation for any expenses related to the Subdivision's expenses after it has ceded control of the Corporation to the Lot Owners herein.

ARTICLE III

Meeting of Members

Section 1. Place of Meeting. All meetings of members shall be held at the principal office of the Corporation or at such other place in Onslow County, or Carteret County, North Carolina, within twenty (20) miles of Batchelors Cove, as convenient to the members and as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meeting of members shall be held on the second Saturday in November of each year.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any

time by the President. In addition, it shall be the duty of the President to call a special meeting of the Corporation if so directed by resolution of a majority of the Board of Directors or upon a petition signed by at least five percent (5%) of the total votes of the Corporation.

Section 5. Notice of Meetings. Written or printed notice stating the time, place, day, and hour of the meeting shall be delivered not less than fifteen (15) nor more than forty (40) days before the date thereof, either personally, by United States Postal Service, or verifiable email, by or at the direction of the President to each member of record of the Corporation, Notice through the United States Postal Service shall be deemed given upon the mailing of same.

In the case of an annual, substitute annual, or special meeting, the notice of meeting shall state the purpose or purposes for which the meeting is called and must specify the business to be transacted at such meeting. Any member may request items to be considered at meetings of the members by written notice to the President delivered seven (7) days prior to the mailing of notice of such meeting. Upon receipt of such request, the President shall include the request in the notice of the meeting as a purpose of the meeting and as business to be transacted, and it shall be placed under "New Business" as a handwritten add-on.

Section 6. Voting Lists. A voting list shall not be required to be prepared if the record of members actually presented at the meeting shows in alphabetical order or by alphabetical index, the name of each member with his address, the effective date of each membership, and the number of votes to which each such member is entitled.

Section 7. Quorum. Members present at any meeting and proxies received at or prior to said meeting shall constitute a quorum and vote as though a majority were present on all matters placed on the agenda for that meeting.

Section 8. Proxies. A member may vote either in person or by one or more agents authorized by a written proxy executed by the member or his duly authorized attorney-in-fact. Proxies can only be used for one meeting. Every proxy shall be revocable. Each proxy must state the identity of the owner(s), the person appointed as proxy holder, the identity of lot(s) owned and properly executed by at least one owner of said lot.

Section 9. Voting. Except for the election of directors as hereinafter provided, and except for other specific exceptions provided in the Declaration, the Articles, or these Bylaws, a majority of the votes of members entitled to be cast by the members present or represented by proxy, separately computed, on any matter at a meeting of members at which a quorum is present shall be the act of the members on that matter.

Voting on all matters except the election of directors, matters affecting dissolution of the Corporation, matters affecting the disbursement of insurance or eminent domain proceeds, or matters which according to the Articles or the Declaration require a vote greater than a majority shall be by voice vote or show of hands, unless, prior to the voting on any matter a demand for a ballot vote on such matter is made by any member present.

Section 10. Informal Action. Any action which may be taken at a meeting of the members may be taken without a meeting, if the consent, in writing, setting forth the actions so taken, is signed by all of the members who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Corporation to be kept in the corporate minute book.

Section 11. Waiver of Notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed a waiver by such member of notice of the time, date and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Corporation, and the Secretary shall keep minutes of the meetings and record in a minute book all resolutions adopted at the meetings as well as a record of all transactions occurring at said meeting.

ARTICLE IV

Directors

Section 1. Number, Term, and Qualifications. The number of directors of the Corporation shall be not less than three (3) nor more than five (5). The term of office for each director shall be one to three years and such terms shall be staggered with at least one director being elected in any given year. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Any natural person may serve as a director subject to the following:

- (a) Each director must own a lot in Batchelors Cove, Onslow County, North Carolina;
- (b) Two people from the same family may not serve on the board at the same time.
- (c) Each director may own a subdivision lot through a legal entity in which said director has an interest.

Section 2. Nomination of Directors. Subject to the provisions of this section, nominations for election to the Board of Directors shall be made as follows:

- (a) By the Nominating Committee; or Board of Directors, or
- (b) Any member of the Corporation may nominate a qualified person for election as a director as long as such nomination is made in writing and is filed with the Corporation's president or secretary by November 1 of the year of the election; or
- (c) Persons qualified to serve as directors may nominate themselves as long as such nomination is made in writing and is filed with the Association president or secretary by November 1 of the year of the election. Nominating Committee and Procedures. On or about

July of each year the Board of Directors may appoint a Nominating Committee to serve until the following year and such appointment shall be announced at each annual meeting. The Committee will be composed of five members, one of which is a member of the Board. The Committee will elect its Chairman. The Committee will nominate candidates the Committee determines are best qualified for office and may list qualifications of the nominees. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but in no event less than the number of vacancies or terms to be filled. The Chairman of the Nominating Committee or the Board of Directors will deliver the list of Committee nominations to the President prior to the Board's April meeting. At the meeting, the floor shall be opened for nominations by the members: if a member makes a motion to open the floor to nominations.

Ballots. The names of all nominees will be placed on the ballots and those nominated by the Nominating Committee or by the Board of Directors may be identified as such.
Campaigning. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 3. Appointment and Election of Directors. In the event that more than one director is to be elected, every member entitled to vote in the election of the directors shall have the right to vote for as many persons as there are directors to be elected and for whose election he has a right to vote.

(a) Cumulative voting is not permitted.

(b) Directors are elected by written ballots. The Corporation shall prepare one (1) ballot for each Lot and will submit the same to the owner of such Lot before the annual meeting along with the notice of meeting and agenda. Owners will receive one ballot for each Lot they own. Each ballot will contain the Lot number and the owner's name. Ballots may be voted in any of the following ways:

(i) In person at the annual meeting by delivering the same to the members or member of the Nominating Committee designated by the Board to receive and count votes;

(ii) By delivering the ballot to the Corporate secretary prior to the annual meeting by personal delivery or mail. (Ballots sent through the mail must be received before the commencement of the annual meeting regardless of postmark.)

(iii) By valid proxy.

(c) Directors will be elected by plurality.

Section 4. Removal of Directors. Directors may be removed with or without cause by a majority vote of the members entitled to vote at an election of directors.

Section 5. Vacancies. A vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of members called for that purpose.

The members may elect a director at any time to fill any vacancy not filled by the directors.

Section 6. Chairman/President. The Chairman of the Board of Directors and the President of the Corporation shall be the same person. The Board of Directors shall elect its

Chairman at its first meeting following the annual meeting of members. The election of the Chairman also serves as the appointment of such person as President. The Chairman/President must be a member of the Corporation. The Chairman shall preside at all meetings of the Board and perform such other duties as may be directed by the Board. He shall also perform such duties as President as required or permitted in these Bylaws.

Section 7. Compensation. The directors shall not compensate directors for their services but may provide for expenses for attending special meetings and may reimburse special expenses incurred by board members in serving (such as long distant phone charges and postage for corporate mailings).

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members. The Board may, from time to time, adopt a schedule of regular meetings which schedule must include the date, place and time of such meetings. No notice of a regular meeting in accordance with such schedule is necessary.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. There shall be notice of special meetings of the Board of Directors which shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by any one of the following methods:

- (a) personal delivery;
- (b) written notice by first class mail, postage prepaid;
- (c) telephone communication, either directly to the director or to a person at the directors office who would reasonably be expected to communicate such notice promptly to the director; or
- (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Corporation. Notices sent by first class mail shall be deposited into a United States mail box at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered or telephoned 48 hours or less if agreed by a majority of the directors.
- (e) by verifiable email

Section 3. Waiver of Notice. The transactions at any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the- transaction of any business because the meeting was not lawfully called.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided by the Declaration, the Articles of Incorporation, or these Bylaws, the act of the majority of the director's present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless board action if the consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the board, whether done before or after the action so taken.

Section 7. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Open Meetings. All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 9. Executive Session. The Board may, with approval of a majority, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Corporation is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE VI

OFFICERS

Section 1. Number. The officers of the corporation shall consist of a President, a Secretary and Treasurer, and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two (2) or more offices may be held by the same person, except that no officer may act in more than one (1) capacity where action of two (2) or more officers is required. The election of Chairman of the Board will serve as the election of such person as the President.

Section 2. Election and Term. The officers of the Corporation shall be elected by the directors at each annual meeting of directors following the annual meeting of members and shall serve for terms of one year. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. All vacancies which may from time to time occur in any office may be filled by the Board of Directors and such appointed officers shall serve until the next succeeding annual meeting of directors.

Section 3. Qualifications. The President and Vice-President must be directors; however, the remaining officers need not be either board members or members of the Corporation.

Section 4. Removal. Any officer elected by the Board of Directors may be removed by the directors with or without cause.

Section 5. Compensation.

The officers of the Corporation shall serve without

Section 6. President. The President shall, when present, preside at all meetings of members. He shall sign, with any other proper officer, any deed, lease, mortgage, bond, contract or other instrument which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed. In general, the President shall perform all duties incident to the office of President, and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice President (Optional). In the absence of the President or in the event of his death inability or refusal to act, the Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President.

Section 8. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of members. He shall have general charge of the corporate books and records and of the corporate seal, and he shall affix the corporate seal to any lawfully executed instrument requiring it. He shall have general charge of the membership transfer books of the corporation and shall keep, at a designated location, a record of members alphabetized as to name and showing the address of each member, and the percentage of ownership of the Corporation and the number of votes held by each. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President of the Board of Directors.

Section 9. Treasurer. The Treasurer he shall have custody of all funds and securities belonging to the Corporation and shall receive, deposit or disburse the same under the direction of the Board of Directors. He shall keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; and he shall cause a true statement of its assets and liabilities as of the close of each fiscal year and of the results of its operations and of changes in surplus for such fiscal year, all in reasonable detail, to be made and filed within four months after the end of such a fiscal year. The statement so filed shall be kept available for inspection by any member for a period of ten years; and the Treasurer shall mail or otherwise deliver a copy of the latest such statement to any member upon his written request therefor. The Treasurer, in general, shall perform all duties incident to his office and such other duties as may be assigned to him from time to time by the President of the Board of Directors.

ARTICLE VII Duties of Directors

The Board of Directors of the Corporation shall have the duty to:

- (1) Keep or cause to be kept a record of all its acts and affairs;
- (2) Keep or cause to be kept a record of all the receipts and disbursements and to keep the record open for examination by any member at any reasonable time;
- (3) Cause to be performed a bi-annual review of the corporate books; cause to be prepared a statement detailing receipts and disbursements and each year to present a report of the audit and a report of receipts and disbursements to the members at the annual meeting;
- (4) Keep or cause to be kept a record of all administrative rules and regulations adopted by the Board of Directors;
- (5) Oversee, supervise, and set the compensation for all managers, officers, agents, employees, or other persons employed by the Corporation;
- (6) Enforce all rules, regulations, restrictions, covenants, conditions, reservations, easements and administrative rules and regulations as are contained in the Declaration, the Articles, these Bylaws, or the Administrative Rules and Regulations adopted by the Board of Directors pursuant to Chapter 4 7F of the North Carolina General Statutes.
- (7) Cause to be recorded any liens arising because of the nonpayment of assessments; to foreclose such liens or bring actions at law to collect the amount of indebtedness; and to take such other and further action as is required or allowed by the Declaration, the Articles, or these Bylaws to enforce the rules, regulations, restrictions, covenants, conditions, reservations, and easements contained in the Declaration, the Articles, these Bylaws, or the Administrative Rules and Regulations;
- (8) Procure and maintain all insurance required by the Declaration, the Articles; or these Bylaws;
- (9) Maintain or cause to be maintained the Community Use Areas;
- (10) Fix the amount of the annual general assessment against each lot;
- (11) Send written notice of each assessment to every owner subject thereto; and,
- (12) Take such other and further action as is necessary, required or deemed desirable by the Board of Directors to administer the Subdivision in accordance with the Declaration and the Administrative Rules and Regulations.

ARTICLE VIII Powers of Directors

Section 1. Powers. The Board of Directors shall be responsible for the affairs of the Corporation and it shall have all the powers reasonably necessary for administration of the Corporation's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles or these Bylaws directed to be done and exercised exclusively by the members, said general powers to include, but not by way of limitation, the following:

- (a) Exercise for the Corporation, all powers, duties, and authority vested in or delegated to the Corporation by the Declaration, the Articles, or these Bylaws and not expressly reserved to the members by other provisions of the Declaration, the Articles, or these Bylaws;
- (b) Employ managers, independent contractors, attorneys, accountants, bookkeepers, auditors, appraisers, janitors, and other personnel deemed necessary to administer the Corporation, and to prescribe their duties and agree on their compensation;
- (c) Establish such owners' committees as they deem expedient and prescribe the duties and method of selection of the members of each such committee;
- (d) Do any other lawful act necessary, required or deemed desirable by the Board of Directors for the operation, management, and administration of the Corporation according to the Declaration, the Articles, these Bylaws, or the Administrative Rules and Regulations of the Corporation;
- (e) May if necessary publish rules and regulations governing the use of the Community Use Areas, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof

Section 2. Additional Powers. In addition to the powers imposed by these Bylaws or by any resolution of the Corporation that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) Preparation and adoption of an annual budget in which there shall be established the contribution of each owner to the common expenses;
- (b) Making assessments to defray the common expenses, establishing the means and methods of collecting such assessments and establishing the period of the installment payments of the annual assessment;
- (c) Providing for the operation, care, upkeep and maintenance of all Community Use Areas;
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Corporation, its property and the Community Use Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be utilized by such personnel in the performance of their duties;
- (e) Collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to administer the Corporation;
- (f) Making and amending rules and regulation;
- (g) Opening of bank accounts on behalf of the Corporation and designating the signatories required;
- (h) Making or contracting for the making of repairs, additions and improvements to or alterations of the Community Use Areas in accordance with other provisions of the Declaration and these Bylaws;
- (i) Enforcing by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the owners concerning the Corporation;
- (j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Corporation or its members and not chargeable to owners;

(1) Keeping books with detailed accounts of the receipts and expenditures affecting the Corporation and its administration, specifying the maintenance and repair expenses and any other expenses incurred. Said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants or attorneys during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records and all accounting and controls shall be in accordance with generally accepted accounting practices and principles; and,

(m) Permit utility suppliers to use portions of the Community Use Areas reasonably necessary to the ongoing development or operation of the Subdivision.

Section 3. Management Agent. The Board of Directors may employ for the Corporation a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board of Directors by these Bylaws other than the powers set forth in Paragraphs (a), (b), (f), (g) and (i) of Section 2 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee upon ninety (90) days, or less, written notice.

Section 4. Borrowing. Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Community Use Areas and facilities without the approval of the members of the Corporation; provided, however, the Board shall obtain membership approval in the same manner provided in Article 7 of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities and the total amount of such borrowing exceeds or would exceed fifteen percent (15%) of the budgeted gross expenses of the Corporation for the fiscal year.

Section 5. Hearing Procedures. The Board of Directors shall not impose a fine, suspend notice or infringe upon any other rights of a member or other occupant for violations of rules, regulations or the terms and provisions as contained in the Declaration unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served by regular mail upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and, (iii) at a time period not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve by certified mail the violator with written notice of a hearing to be held by the Covenants Committee or Board of Directors in

executive session. The notice shall contain: (i) the nature of the alleged violation; (ii) and the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice; (iii) an invitation to attend the meeting and produce any statement, evidence and witness on his behalf; and (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held before the executive session of the Covenants Committee or Board of Directors pursuant to the notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. Following a hearing before the Covenants Committee, or the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Manager, President or Secretary of the Corporation within thirty (30) days following the hearing date.

Section 6. Prohibited Acts. The Board of Directors shall not take any of the following actions except with the written consent of a majority of the total votes of the corporation:

(a) Incurring aggregate expenditures for capital improvement to the Community Areas in any fiscal year in excess of fifteen percent (15%) of the budgeted gross expenses of the Corporation

for that fiscal year, except in the event such expenditures are reasonably necessary to clean, repair, or restore any Community Use Areas, including streets, rights of way, and parks, following a storm or disaster.

(b) Hypothecate, sell, transfer, convey or assign any real or personal property of the Corporation;

(c) Pay compensation to the members of the Board or the officers of the Corporation for services performed in the conduct of the Corporation's business; provided, however, the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business

of the Corporation;

(d) Levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Corporation for the fiscal year.

ARTICLE IX

Annual Budget and Annual General Assessments

At each annual meeting, the Directors shall adopt an annual budget for the twelve months next succeeding. In setting the amount of the budget, the directors shall consider the amounts

necessary to pay the community expenses for the year and shall make provisions for extraordinary expenses and for payments to any contingency or replacement fund. Furthermore, in setting the

amount of the budget, the directors shall consider the restrictions and limitations, if any, on the annual general assessments as set forth in the Declaration.

If for any reason whatsoever the Board of Directors should fail to hold their annual meeting or should simply fail to take any action in regards to the annual budget for the Corporation for the succeeding 12 months, then the annual budget of the year immediately preceding such year shall automatically be adopted and approved as the annual budget for the Corporation for the succeeding 12 months. The total annual general assessments shall be equal to the annual budget. The annual budget of the Corporation for the succeeding 12 months shall then be divided by the number of lots subject to the annual general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per lot for the 12 months succeeding the annual meeting of the members. Provided, however, the annual general assessments shall be subject to such limitations and restrictions, if any, as set forth in the Declaration.

ARTICLE X

Record of Assessments

(1) The Treasurer of the Corporation shall keep a record of levied and collected assessments, including general and special, due and payable to the Corporation by each lot owner.

(2) Any person who desires to obtain a record of the assessments due and payable by any lot owner, for any good and sufficient reason, including but not limited to, the examination of the title thereof in connection with a purchase, sale or financing, may obtain a copy of the assessments due and owing by a lot from the Treasurer.

(3) Upon written request signed by the owner of the lot or lots for which a certificate hereunder is requested, by the prospective purchaser of such lot or lots, or by the attorney of either, and is mailed to the Treasurer, at the address of the Registered Agent of the Corporation last recorded in the office of the Register of Deeds of Carteret County, North Carolina, and which request is accompanied by a check in the sum of \$50.00 made payable to the Corporation, the Treasurer shall furnish a certificate in writing signed on behalf of the Corporation, its successors or assigns, certifying either that all assessments levied by the Corporation on a specified lot or lots have been paid or enumerating therein all assessments and interest thereon which remain unpaid. Such certificate shall be conclusive evidence as to a lender or bona fide purchaser for value of payment of all assessments levied by the Corporation other than those enumerated therein as remaining unpaid.

(4) In the event that the request for a certificate pursuant to Paragraph (3) above is mailed by certified mail, return receipt requested, and such request actually is received by the Treasurer,

as evidenced by the return receipt therefor, the failure of the Corporation to furnish such certificate to the requesting party at the address stated in such written request shall result in any such unpaid assessment being unenforceable against any lender or bona fide purchaser for value who shall act in reliance upon the failure of response by the Corporation.

(5) The Treasurer may delegate his duties under this Article to such assistants as he deems expedient.

(6) This Article shall not apply to any assessments for which a lien has been filed or a judgment has been obtained in accordance with the Declaration.

ARTICLE XI

Administrative Rules and Regulations

Pursuant to Chapter 47F of the North Carolina General Statutes, the Directors may adopt administrative rules and regulations consistent with the provisions of the Declaration, the Articles, and these Bylaws to govern the details of the administration of the Subdivision and to direct any officers and delegees in the performance of their duties and from time to time may amend any such administrative rules and regulations adopted. The administrative rules and regulations shall be kept by the Secretary in a book separate from these Bylaws and shall be available for inspection upon 24 hours advance request.

ARTICLE XII

Committees

Section 1. General. Committees to perform such tasks and to serve for such period as may be designated by a resolution adopted by a majority of the Directors present at a meeting are hereby authorized. Such Committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as set forth in the resolution and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. The Board of Directors may appoint a Covenants Committee consisting of three (3) members. Acting in accordance with the provisions of the Declaration, these Bylaws and resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Corporation.

Section 3. Architectural Standards Committee. The Board of Directors may appoint an Architectural Standards Committee consisting of three (3) members. The Architectural Standards Committee shall act in accordance with the provisions of the Declaration, these Bylaws and resolutions the Board may adopt from time to time.

Section 4. Board Liaison with Committees. The Board of Directors will assign an individual Director to be a member of each established Committee and to serve as a liaison and communications channel between the Board and the Committees.

Section 5. Chairman. Each established Committee will select a Chairman from its membership, said Chairman to serve for a period of one year or until a successor Chairman is selected by Committee Vote.

ARTICLE XIII
Contracts, Loans, Checks and Deposits

Section 1. Contracts. Consistent with the purpose of the Corporation as contained in the Articles of incorporation, the Board of Directors may authorize any officer or officers, agent

or agents, to enter into any contract or lease, or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless in accordance with the requirements of the Articles of Incorporation and authorized by a resolution of the Board of Directors. Such authority may be general or specific in nature and scope.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as the Board of Directors shall direct.

ARTICLE XIV
Amendment

These Bylaws may be amended by a majority vote of the members if the proposed amendment has been inserted in the notice of meeting for any meeting of the members. These Bylaws may also be amended by a majority vote of the Board of Directors. The Board of Directors shall send any amendment to the members within thirty (30) days after its adoption by the Board. If the members call for a special meeting in accordance with Section 4 of Article III, the members may reverse such amendment by a majority vote at the meeting.

ARTICLE XV
Fiscal Year

The fiscal year of the Corporation shall be the period beginning on January 1 and ending on December 31 of each year and thereby be the Calendar Year.

CERTIFIED A CORRECT AND TRUE COPY OF THE BYLAWS AS ADOPTED BY THE BOARD OF DIRECTORS ON AUGUST 8, 2017.

McNEILL AND ASSOCIATES, INC., Sole Director

L.E. McNeill (SEAL)

L.E. McNEILL, President

NORTH CAROLINA, CARTERET COUNTY

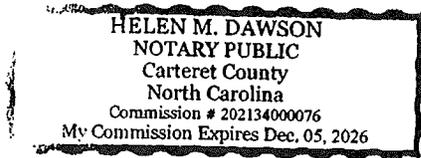
I, Helen M. Dawson, a Notary Public for said County and State, do hereby certify that L.E. McNeill, President of McNeill and Associates, Inc., who is known to me or proved to me on the basis of satisfactory evidence to be the person(s) described, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purpose stated therein, and in the capacity indicated.

Witness my hand and official stamp or seal this 1st day of May, 2023.

My Commission Expires: DEC. 5, 2026

Helen M. Dawson

Notary Public



SCHEDULE "C"

1. BUA REQUIREMENTS. The maximum amount of BUA allowed for the entire project is 750,597 square feet. The BUA requirements and allocations for this project are as follows:
 - a. LOW DENSITY AREA BUA LIMITS. The low density area in the approved plans and specifications must not exceed 24% per the requirements of the stormwater rules. Within this low density area, this permit approves a percent BUA of 24% and the construction of a total of 750,597 square feet of BUA, which includes 72,492 square feet of future BUA.
 - b. BUA FOR INDIVIDUAL LOTS. Each of the 65 lots are limited to a maximum amount of BUA as indicated in Attachment B of this permit and as indicated in the approved plans and specifications. **The maximum BUA assigned to each lot via this permit and the recorded deed restrictions and protective covenants may not be increased or decreased by either the individual lot owner or the permittee unless and until the permittee notifies the Division and obtains written approval from the Division.**

2. **PERVIOUS AREA IMPROVEMENTS.** At this time, none of the pervious area improvements listed in G.S. 143-214.7(b2) or the Stormwater Design Manual have been proposed for this project. Pervious area improvements will be allowed in this project if documentation is provided demonstrating those improvements meet the requirements of the stormwater rule.
3. **LOW DENSITY AREA REQUIREMENTS.** The low density area requirements for this project are as follows:
 - a. **LOW DENSITY AND CONVEYANCE DESIGN.** The low density area is permitted based on the design criteria presented in the sealed, signed and dated supplement and as shown in the approved plans and specifications. This low density area and conveyances must be provided and maintained at the design condition.
 - b. **PIPING.** Other than the piping shown on the approved plans, only minimal amounts of piping under driveways and roads is allowed within the low density area when it cannot be avoided. No additional piping is allowed.
 - c. **DISPERSED FLOW.** The low density area has maximized dispersed flow of stormwater runoff through vegetated areas and minimized the channelization of flow.
 - d. **VEGETATED CONVEYANCES.** Stormwater runoff that could not be released as dispersed flow may be transported by vegetated conveyances with minimum side slopes of 3:1 (H:V) designed to not erode during the peak flow from the 10-year storm event as defined in the stormwater rules and approved by the Division.
4. **STORMWATER OUTLETS.** The peak flow from the 10-year storm event shall not cause erosion downslope of the discharge point.
5. **VEGETATED SETBACKS.** A 50-foot-wide vegetative setback must be provided and maintained in grass or other vegetation adjacent to all surface waters as shown on the approved plans. The setback is measured horizontally from the normal pool elevation of impounded structures, from the top of bank of each side of streams or rivers, and from the mean high waterline of tidal waters, perpendicular to the shoreline.
 - a. **BUA IN THE VEGETATED SETBACK.** BUA may not be added to the vegetated setback except as shown on the approved plans or in the following instances where the BUA has been minimized and channelizing runoff from the BUA is avoided:
 - i. Water dependent structures; and
 - ii. Minimal footprint uses such as poles, signs, utility appurtenances, and security lights that cannot practically be located elsewhere.
 - b. **RELEASE OF STORMWATER NOT TREATED IN A STORMWATER CONTROL MEASURE (SCM).** Stormwater that is not treated in an SCM, such as in this low density project (including roof drains), must be released at the edge of the vegetated setback and allowed to flow through the setback as dispersed flow.
6. **RECORDED DOCUMENT REQUIREMENTS.** The stormwater rules require the following documents to be recorded with the Office of the Register of Deeds prior to the sale of individual lots or groups of lots:
 - a. **EASEMENTS.** All stormwater collection systems, vegetated conveyances, and maintenance access located on property owned by other persons or entities must be located in permanent recorded easements or drainage easements as shown on the approved plans.
 - b. **OPERATION AND MAINTENANCE AGREEMENT.** The operation and maintenance agreement must be recorded with the Office of the Register of Deeds.
 - c. **FINAL PLATS.** If a final plat is recorded, it must reference the operation and maintenance agreement and must also show all public rights-of-way, dedicated common areas, and/or permanent drainage easements, in accordance with the approved plans.

- d. **DEED RESTRICTIONS AND PROTECTIVE COVENANTS.** The permittee shall record deed restrictions and protective covenants prior to the issuance of a certificate of occupancy to ensure the permit conditions and the approved plans and specifications are maintained in perpetuity. Recorded deed restrictions and protective covenants must include, at a minimum, the following statements related to stormwater management:
- i. The following covenants are intended to ensure ongoing compliance with Stormwater Management Permit Number SW8 220112, as issued by the Division of Energy, Mineral and Land Resources (the "Division") under 15A NCAC 02H.1000, effective January 1, 2017.
 - ii. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Stormwater Management Permit.
 - iii. These covenants are to run with the land and be binding on all persons and parties claiming under them.
 - iv. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the Division.
 - v. Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division.
 - vi. The maximum built-upon area (BUA) per lot is as shown in Attachment B. This allotted amount includes any BUA constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement not shown on the approved plans. BUA has the same meaning as G.S. 143-214.7, as amended.
 - vii. The maximum allowable BUA shall not be exceeded on any lot until the permit is modified to ensure compliance with the stormwater rules, permit, and the approved plans and specifications.
 - viii. Filling in, piping or altering any vegetated conveyances (ditches, swales, etc.) associated with the development, except for average driveway crossings, is prohibited by any persons.
 - ix. A 50-foot-wide vegetative setback must be provided and maintained adjacent to all surface waters in accordance with 15A NCAC 02H.1003(4) and the approved plans.
 - x. All roof drains shall be released no closer than at the edge of the 50-foot-wide vegetated setback and allowed to flow through the setback as dispersed flow. At no time shall stormwater runoff be piped into or through the setback.
 - xi. Any individual or entity found to be in noncompliance with the provisions of a stormwater management permit or the requirements of the stormwater rules is subject to enforcement procedures as set forth in NCGS 143, Article 21.
7. **CONSTRUCTION.** During construction, erosion shall be kept to a minimum and any eroded areas of the on-site stormwater system will be repaired immediately.
- a. **PROJECT CONSTRUCTION, OPERATION AND MAINTENANCE.** During construction, all operation and maintenance for the project and stormwater system shall follow the Erosion Control Plan requirements until the Sediment-Erosion Control devices are no longer needed.
 - b. **FINAL GRADING.** The vegetated areas and vegetated conveyance swales shall be entirely constructed and vegetated. Once the final grading is completed and the site is stabilized, the permittee shall provide and perform the operation and maintenance as outlined in the applicable section below.

8. MODIFICATIONS. No person or entity, including the permittee, shall alter any component shown in the approved plans and specifications, except for minimum driveway crossings. Prior to the construction of any modification to the approved plans, the permittee shall submit to the Director, and shall have received approval for modified plans, specifications, and calculations including, but not limited to, those listed below. For changes to the project that impact the certifications, a new or updated certification(s), as applicable, will be required and a copy must be submitted to the appropriate DEQ regional office upon completion of the modification.
 - a. Any modification to the approved plans and specifications, regardless of size including the BUA, details, etc.
 - b. Redesign or addition to the approved amount of BUA.
 - c. Further development, subdivision, acquisition, lease or sale of any, all or part of the project and/or property area as reported in the approved plans and specifications.
 - d. Altering, modifying, removing, relocating, redirecting, regrading, or resizing of any component of the approved stormwater collection system and/or vegetative conveyance shown on the approved plan, except for minimum driveway crossings.
 - e. The construction of any allocated future BUA.
 - f. Adding the option to use infiltrating permeable pavement or #57 stone within the lots as a pervious surface. The request may require a proposed amendment to the deed restrictions and protective covenants for the subdivision to be submitted and recorded.
 - g. The construction of any infiltrating permeable pavement, #57 stone area, public trails, or landscaping material within the common areas to be considered a pervious surface that were not included in the approved plans and specifications.
 - h. Other modifications as determined by the Director.

9. DESIGNER'S CERTIFICATION. Upon completion of the project, the permittee shall determine if the project is in compliance with the approved plans and take the necessary following actions:
 - a. If the permittee determines that the project is in compliance with the approved plans, then within 45 days of completion, the permittee shall submit to the Division one hard copy and one electronic copy of the following:
 - i. The completed and signed Designer's Certification provided in Attachment A noting any deviations from the approved plans and specifications. Deviations may require approval from the Division;
 - ii. A copy of the recorded operation and maintenance agreement;
 - iii. Unless already provided, a copy of the recorded deed restrictions and protective covenants; and
 - iv. A copy of the recorded plat delineating the public rights-of-way, dedicated common areas and/or permanent recorded easements, when applicable.
 - b. If the permittee determines that the project is not in compliance with the approved plans, the permittee shall submit an application to modify the permit within 30 days of completion of the project or provide a plan of action, with a timeline, to bring the site into compliance.

10. OPERATION AND MAINTENANCE. The permittee shall provide and perform the operation and maintenance necessary, as listed in the signed operation and maintenance agreement, to assure that all components of the permitted on-site stormwater system are maintained at the approved design condition. The approved operation and maintenance agreement must be followed in its entirety and maintenance must occur at the scheduled intervals.
 - a. CORRECTIVE ACTIONS REQUIRED. In the event that the low density area fails to meet the requirements of low density, the permittee shall take immediate corrective actions. This includes actions required by the Division and the stormwater rules such as the construction of additional or replacement on-site stormwater systems. These additional or replacement measures shall receive a permit from the Division prior to construction.
 - b. MAINTENANCE RECORDS. Records of maintenance activities must be kept and made available upon request to authorized personnel of the Division. The records will indicate the date, activity, name of person performing the work and what actions were taken.

11. CHANGES TO THE PROJECT NAME, PERMITTEE NAME OR CONTACT INFORMATION. The permittee shall submit a completed Permit Information Update Application Form to the Division within 30 days to making any one of these changes.

12. **TRANSFER.** This permit is not transferable to any person or entity except after notice to and approval by the Director. Neither the sale of the project and/or property, in whole or in part, nor the conveyance of common area to a third party constitutes an approved transfer of the permit.
- a. **TRANSFER REQUEST.** The transfer request must include the appropriate application, documentation and the processing fee as outlined in 15A NCAC 02H.1045(2). This request must be submitted within 90 days of the permit holder meeting one or more of the following:
 - i. A natural person who is deceased;
 - ii. A partnership, limited liability corporation, corporation, or any other business association that has been dissolved;
 - iii. A person or entity who has been lawfully and finally divested of title to the property on which the permitted activity is occurring or will occur through foreclosure, bankruptcy, or other legal proceeding.
 - iv. A person or entity who has sold the property, in whole or in part, on which the permitted activity is occurring or will occur, except in the case of an individual residential lot sale that is made subject to the recorded deed restrictions and protective covenants;
 - v. The assignment of declarant rights to another individual or entity;
 - vi. The sale or conveyance of the common areas to a Homeowner's or Property Owner's Association, subject to the requirements of NCGS 143-214.7(c2);
 - b. **TRANSFER INSPECTION.** Prior to transfer of the permit, a file review and site inspection will be conducted by Division personnel to ensure the permit conditions have been met and that the project and the on-site stormwater system complies with the permit conditions. Records of maintenance activities performed to date may be requested. Projects not in compliance with the permit will not be transferred until all permit and/or general statute conditions are met.
13. **COMPLIANCE.** The permittee is responsible for complying with the terms and conditions of this permit and the approved plans and specifications until the Division approves the transfer request.
- a. **REVIEWING AND MONITORING EACH LOT FOR COMPLIANCE.** The permittee is responsible for verifying that the proposed BUA on each individual lot, within each drainage area and for the entire project does not exceed the maximum amount allowed by this permit. The permittee shall review all individual lot plans for new construction and all subsequent modifications and additions for compliance. The plans reviewed must include all proposed BUA, grading, and driveway pipe placement. The permittee shall not approve any lot plans where the maximum allowed BUA limit has been exceeded or where modifications are proposed to the grading and/or to the stormwater collection system and/or to the vegetated conveyance unless and until a permit modification has been approved by the Division. The permittee shall review and routinely monitor the project and each lot to ensure continued compliance with the conditions of the permit, the approved plans and specifications, and the recorded deed restrictions and protective covenants. The permittee shall notify any lot owner that is found to be in noncompliance with the conditions of this permit in writing and shall require timely resolution.
 - b. **ARCHITECTURAL REVIEW BOARD (ARB) OR COMMITTEE (ARC).** The permittee may establish an ARB or ARC or other group to conduct individual lot reviews on the permittee's behalf. However, any approval given on behalf of the permittee does not relieve the permittee of the responsibility to maintain compliance with the conditions of the permit and the approved plans and specifications.
 - c. **APPROVED PLANS AND SPECIFICATIONS.** A copy of this permit, approved plans, application, supplements, operation and maintenance agreement, all applicable recorded documents, and specifications shall be maintained on file by the permittee at all times.
 - d. **MAINTENANCE ACCESS.** SCMs, stormwater collection systems, and vegetated conveyances must be accessible for inspection, operation, maintenance and repair as shown on the approved plans.

ATTACHMENT "B"

Batchelors Cove

Lot BUA Chart - January 2022

Lot#	Permit BUA
1	7000
2	7000
3	7000
4	7000
5	7000
6	7000
7	7000
8	7000
9	11000
10	11000
11	11000
12	11000
13	11000
14	11000
15	11000
16	7000
17	7000
18	11000
19	11000
20	11000
21	7000
22	7000

Lot#	Permit BUA
23	7000
24	7000
25	7000
26	7000
27	7000
28	11000
29	11000
30	11000
31	11000
32	7000
33	11000
34	11000
35	11000
36	11000
37	7000
38	7000
39	11000
40	11000
41	7000
42	11000
43	11000
44	11000

Lot#	Permit BUA
45	11000
46	11000
47	11000
48	11000
49	11000
50	7000
51	7000
52	7000
53	7000
54	11000
55	11000
56	11000
57	11000
58	7000
59	7000
60	7000
61	7000
62	7000
63	7000
64	7000
65	7000

Small Lots: 7000 SF
 Big Lots: 11000 SF

Overall:
 Total Property: 3127489 SF
 (-) Coastal Wetlands: 0 SF
 Total Project Area: 3127489 SF
 Roads and Mail Kiosk: 95105 SF
 Future: 72492 SF
 Lots: 583000 SF
 Total BUA: 750597 SF
 24.0 % imperv.

J MP/BatchelorsCove/Ca lcu lations/BatchelorsCove.BUAChart.01.18.22