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Declaration
 of
 Covenants, Conditions, Restrictions and Easements
 for
 Ruffin's River Landing Subdivision



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 for
 Ruffin's River Landing Subdivision**

Table of Contents

		<u>Page</u>
ARTICLE I	DEFINITIONS AND GENERAL PROVISIONS	2
ARTICLE II	MEMBERSHIP AND GOVERNANCE OF THE ASSOCIATION	5
ARTICLE III	COMMON ELEMENTS	7
ARTICLE IV	ASSESSMENTS	9
ARTICLE V	FUNCTIONS OF ASSOCIATION.....	15
ARTICLE VI	ARCHITECTURAL CONTROL	20
ARTICLE VII	RIGHTS AND RESERVATIONS OF DECLARANT	25
ARTICLE VIII	USE RESTRICTIONS	27
ARTICLE IX	STORMWATER REGULATIONS	28
ARTICLE X	ANNEXATION AND AMENDMENTS	29
ARTICLE XI	GENERAL PROVISIONS	32
EXHIBIT "A"	PROPERTY CURRENTLY IN THE DEVELOPMENT	36



Declaration
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Ruffin's River Landing Subdivision

THIS DECLARATION is made and executed on 26th day of September, 2006, by THE W. R. BROWN, SR. FAMILY, LLC, a North Carolina limited liability company (the "Declarant");

WITNESSETH:

WHEREAS, Declarant is developing certain real property located in Brunswick County, North Carolina, and more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, as part of a planned community accommodating residential uses;

WHEREAS, as hereinafter provided, Declarant has retained and reserved the right and option to annex and subject all or any portion of the Additional Property, as hereinafter defined, to the provisions hereof at a later time and from time to time;

NOW, THEREFORE, Declarant hereby declares that all of the property described on Exhibit "A" and any portions of the Additional Property which Declarant, in its sole discretion, shall subject to this Declaration by amendment hereto, shall be subject to the covenants, conditions, restrictions and easements set forth herein, as specifically made applicable by the provisions hereof. Such covenants, conditions, restrictions and easements are hereby imposed for the purpose of protecting the value and desirability of these lands, and shall run with the title to the real property subjected to this Declaration, and shall be binding on and inure to the benefit of all parties having any right, title or interest in such property or any portion thereof.

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1. Definitions. As used in this Declaration, the following terms with initial capital

letters shall have the following meanings and, as required by context, these definitions shall apply to both the singular and plural forms of such terms:

(a) "Additional Property" shall mean all other lands located within one(1) mile of any point on the perimeter of the property described on Exhibit "A".

(b) "Architectural Control Committee" shall mean the committee appointed by the Executive Board to review plans for improvements and landscaping within the Development, as provided for in Article VI hereof..

(c) "Articles of Incorporation" shall mean the Articles of Incorporation of the Association filed in the office of the Secretary of State of North Carolina, as the same may be amended from time to time.

(d) "Assessment" shall mean an Owner's share of the Common Expenses and other charges from time to time assessed against an Owner by the Association as provided for herein, including Annual Assessments, Special Assessments, and all fees, late charges, fines, interest and other charges (including costs of collection and reasonable attorneys' fees) imposed or authorized to be collected by the Association pursuant to this Declaration, the Bylaws, rules and regulations of the Association, or applicable law.

(e) "Association" shall mean Ruffin's River Landing Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(f) "Authorized User" shall mean a family member, guest, invitee, licensee, lessee, tenant, contractor or agent of an Owner. With respect to an Owner that is a corporation, limited liability company, partnership, association, trust or other entity, the Authorized Users shall include the owners, officers, directors, members, managers and/or beneficiaries of the Owner, provided that the Association may establish a reasonable limit on the number of Authorized Users for each property and the Association may require the Owner to designate its Authorized Users in writing.

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

(h) "Common Elements" shall mean any real property or real property interest owned by or leased



to the Association. Common Elements shall include Limited Common Elements.

(i) "Common Expenses" shall mean expenditures made, by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses shall include General Common Expenses and Limited Common Expenses.

(j) "Declarant" shall mean, collectively: (i) The W. R. Brown, Sr. Family, LLC, a North Carolina limited liability company; (ii) successors of The W. R. Brown, Sr. Family, LLC, or another Declarant by operation of law; and (iii) any Persons who are (A) assignees of any or all of a Declarant's rights, (B) hold title to any portion of the Development or the Additional Property, and (C) are designated as a Declarant in a written instrument executed by the assignor Declarant and recorded in the Brunswick County Registry.

(k) "Declaration" shall this Declaration of Covenants, Conditions, Restrictions and Easements for Ruffin's River Landing Subdivision, all amendments hereto, and all supplemental declarations made in accordance with the provisions hereof and recorded in the Brunswick County Registry.

(l) "Development" shall mean those tracts or parcels of land described on Exhibit "A" attached hereto, together with all portions of the Additional Property annexed into the Development in accordance with the provisions of this Master Declaration.

(m) "Executive Board" shall mean the Executive Board of the Association, as provided for in the Articles of Incorporation and the Bylaws.

(n) "General Common Expenses" shall mean Common Expenses other than Limited Common Expenses.

(o) "Limited Common Element" shall mean a portion of the Common Elements designated for the primary or exclusive use of one or more but fewer than all of the Owners pursuant to a plat of any portion of the Development or pursuant to any amendment hereto or supplemental declaration referring to this Declaration, made in accordance with the provisions hereof and recorded in the Brunswick County Registry.

(p) "Limited Common Expenses" shall mean Common Expenses (including allocations to



reserves) incurred or made for the benefit of fewer than all Owners, such as for the operation, maintenance, repair and replacement of Limited Common Elements, and for administrative costs, security and other services provided for the benefit of fewer than all Owners.

(q) "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for Live Oakes, and all amendments hereto and supplemental declarations made in accordance with the provisions hereof and recorded in the Brunswick County Registry.

(r) "Member" shall mean an Owner who is a Member of the Association as provided in the Articles of Incorporation and in Article II hereof.

(s) "Mortgage" shall mean a mortgage, deed of trust or other similar security instrument granting, creating or conveying a lien upon any tract or parcel of land in the Development.

(t) "Mortgagee" shall mean the holder of a Mortgage.

(u) "Owner" shall mean the owner as shown on the real estate records of Brunswick County, North Carolina, whether it be one or more Persons, of fee simple title to a Single Family Lot within the Development, but shall not include a Person having an interest in any such property solely as security for an obligation.

(v) "Period of Declarant Control" shall mean that period of time beginning on the date of this Declaration and continuing until the happening of one of the following events, whichever occurs first: (i) Declarant owns a combined total of less than nine (9) lots within the development; (ii) December 31, 2025; or (iii) when, in its discretion, Declarant decides to terminate the Period of Declarant Control by giving written notice thereof to the Association.

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

(x) "Single Family Lot" shall mean any lot or parcel of land located within the Development that is designated or restricted for use as a site for a detached single family dwelling as herein provided.

(y) "Unimproved Tract" shall mean an unimproved tract or parcel of land located within the Development and designated for use as a site for Single Family Lots pursuant to an amendment hereto or



a supplemental declaration referring to this Declaration, made in accordance with the provisions hereof and recorded in the Brunswick County Registry; provided that any such tract or parcel shall no longer be an Unimproved Tract after it has been subdivided into Single Family Lots.

Section 2. Applicability of Declaration. The covenants, conditions, restrictions and easements set forth in this Declaration shall only apply to the Development, but not to the Additional Property or any other property except to the extent that any such other property is subjected to the provisions hereof by an amendment hereto or a supplemental declaration made in accordance with the provisions of this Declaration and recorded in the Brunswick County Registry. Each and every grantee of any interest in any property within the Development, by acceptance of a deed or other conveyance of such interest, agrees to and shall be bound by the provisions of this Declaration.

Section 3. Planned Unit Development Master Plan. Declarant is developing the Development pursuant to a Planned Unit Development Master Plan on file with the applicable authorities of Brunswick County, North Carolina. The Master Plan is subject to continuous revision and change by Declarant, in its discretion.

Section 4. Planned Community Act Applicable. The North Carolina Planned Community Act set forth in Chapter 47F of the General Statutes, as it may be amended from time to time, shall apply to the Development and the Association.

Section 5. Permit Requirements. The Development and the use thereof are subject to all applicable permits and approvals, including without limitation Stormwater Management Permit No. SW8050519, as renewed or modified from time to time, and all applicable laws, ordinances, rules, regulations and other governmental requirements.

ARTICLE II

MEMBERSHIP AND GOVERNANCE OF THE ASSOCIATION

Section 1. Membership. As provided in the Articles of Incorporation, every Owner of a Single Family Lot shall be a voting Member of the Association. Such membership shall be appurtenant to and may not be separated from ownership of the property that is subject to assessment by the Association.



The Executive Board may adopt reasonable rules relating to proof of ownership.

Section 2. Voting Rights of Members. As provided in the Articles of Incorporation, the Members shall be entitled to vote on matters for which such a vote is expressly required by the North Carolina Nonprofit Corporation Act, the North Carolina Planned Community Act, the Articles of Incorporation or this Declaration. The Association shall have two (2) classes of Members with voting rights as follows:

Class "A": Class "A" Members shall be all Owners (with the exception of Declarant) of Single Family Lots. The Owner of each Single Family Lot shall be entitled to one (1) vote.

Class "B": The Class "B" Member shall be Declarant. The Class "B" Member shall be entitled to six (6) votes for each Single Family Lot. The Class "B" membership shall cease and be converted to Class "A" membership at the end of the Period of Declarant Control.

Additional provisions consistent with applicable law regarding meetings of Members, proxies and voting by co-owners may be set forth in the Bylaws or adopted by the Executive Board.

Section 3. Executive Board. As provided in the Articles of Incorporation, the affairs of the Association shall be managed by or at the direction of the Executive Board. The number of persons on the Executive Board initially shall be as specified in the Articles of Incorporation and such number may be changed as provided in the Bylaws. During the Period of Declarant Control, Declarant shall have the right to appoint all of the members of the Executive Board. Declarant shall have the right to remove any Executive Board member appointed by Declarant, without cause, and appoint another person to replace such removed member. The manner of appointment or election of the Executive Board after the Period of Declarant Control shall be as provided in the Bylaws.

ARTICLE III

COMMON ELEMENTS

Section 1. Conveyance of Common Elements by Declarant. Declarant covenants for itself, its successors and assigns, to convey to the Association by fee simple deed or long term lease, at no cost to the Association, all private streets within the Development that are necessary for access to Single Family



Lots, and to Unimproved Tracts from public roads or highways, and also to convey all Common Elements designated as such on a plat of any portion of the Development recorded by or at the direction of Declarant in the Brunswick County Registry. Such properties may be conveyed to the Association at one time or from time to time in the sole discretion of Declarant; provided that said conveyances shall take place on or before January 1, 2020. In addition, Declarant may convey or lease other property, or an interest therein, to the Association for use as Common Elements. The Association shall accept the conveyances and immediately become responsible for all maintenance and operation of all such properties. Any real property leased to the Association shall cease to be Common Elements upon the expiration of the lease term.

Section 2. Owners' Easements in Common Elements. Subject to all of the other provisions of this Master Declaration, the Articles of Incorporation, the Bylaws, any rules and regulations of the Association, and any fees or charges established by the Association, every Owner and every Authorized User shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to every Single Family Lot.

Section 3. Designation of Limited Common Elements. Declarant reserves the right to designate Limited Common Elements for the primary or exclusive use of Owners and Authorized Users of Single Family Lots (Single Family Sections Limited Common Elements) or other types of property in the Development. Such designation may be made on a plat of any portion of the Development recorded by or at the direction of Declarant, or such designation may be made or more specifically described pursuant to any amendment hereto or supplemental declaration referring to this Declaration, made in accordance with the provisions hereof and recorded in the Brunswick County Registry. A designation of Limited Common Elements may be made subject to such conditions, restrictions and reservations as may be specified by Declarant in such amendment or supplemental declaration.

Section 4. Limitations of Owners' Rights in Common Elements. The Common Elements (including Limited Common Elements) shall be subject to the provisions of this Declaration, including the rights and reservations of Declarant and all easements, restrictions and rights of way of record at the



time of conveyance. Further, the rights and easement of enjoyment of the Owners created hereby shall be subject to the rights of the Association to: (a) adopt and enforce reasonable rules and regulations regarding use of the Common Elements; (b) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements other than streets, and for services provided to Owners; (c) grant or transfer drainage and utility easements on any part of the Common Elements; (d) convey or encumber all or any part of the Common Elements, subject to approval by the Owners as hereinafter provided; and (e) exchange with the Declarant, or with any Owner, any portion of the Common Elements for an approximately equal area of other property to be added to the Common Elements, whereupon the property conveyed by the Association shall cease to be Common Elements and shall no longer to be subject to the provisions of this Master Declaration relating to Common Elements.

Section 5. Streets and Motor Vehicles. The Association shall have authority to adopt and enforce reasonable rules and regulations regarding the private streets within the Development and the use of motor vehicles, bicycles or other conveyances on such streets, including speed limits, noise limitations, and parking restrictions or prohibitions.

Section 6. Easement for Provision of Certain Services. An easement is hereby established over, upon and across the Common Elements for municipal, public and private utilities serving the Development, and for governmental and law enforcement authorities with jurisdiction over the Development, for setting, removing and reading utility meters, maintaining and replacing utility or drainage connections, providing trash collection services, and acting with other purposes consistent with the public safety and welfare, including without limitation police, fire protection and animal control.

Section 7. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if Owners entitled to cast at least eighty percent (80 %) of the votes of all the Owners agree in writing to that action. Proceeds of the sale or financing of a Common Element shall be an asset of the Association. Notwithstanding the foregoing, the Association shall not convey, mortgage, encumber or change the use of Common Elements prior to December 31, 2020 without the written consent of Declarant. Further, no conveyance or



encumbrance of Common Elements may deprive any Owner of the right of access to such Owner's property located within the Development.

ARTICLE IV

ASSESSMENTS

Section 1. Covenant for Assessments. Declarant covenants, and each Owner, whether or not it shall be so expressed in the deed or other conveyance to such Owner, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association (i) Annual Assessments, (ii) Special Assessments, (iii) all costs of collection, including reasonable attorneys' fees, and (iv) all other fees, charges, late charges, fines, interest and expenses imposed or authorized to be collected by the Association pursuant to this Declaration, the Bylaws, rules and regulations of the Association, or applicable law, all of which shall constitute Assessments. Without limiting the foregoing, if any Common Expense is caused by the negligence or misconduct of any Owner or any Authorized User of an Owner's property, the Association may assess that expense exclusively against that Owner or that Owner's property.

Section 2. Creation of Lien and Personal Obligation for Assessments. Each Assessment shall be a charge and continuing lien on the real property and improvements thereon against which such Assessment is made. The lien of the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances as may be made by the Association in order to preserve and protect its lien, and the Association shall be entitled to interest on any such advances at the rate provided for past due Assessments. All Persons who shall acquire, by whatever means, any interest in any property subject to any Assessment hereunder, or who may be given or acquire a Mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest expressly subject to such lien rights. Each Assessment shall also be the personal obligation of any Person who was an Owner of such real property at the time the Assessment first became due and payable. In the case of co-ownership, all co-owners shall be jointly and severally liable for the entire amount of each Assessment.



Section 3. Priority of Lien. The lien provided for herein is prior to all other liens and encumbrances, except (i) liens and encumbrances (specifically including, but not limited to, a Mortgage on such property) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court (as hereinafter provided), and (ii) liens for real estate taxes and other governmental assessments and charges against such property. No sale or transfer shall relieve such property from liability or liens arising from Assessments thereafter becoming due.

Section 4. Commencement of Assessments; Declarant's Option to Fund Deficits. A Single Family Lot shall become subject to Assessments on the first day of the month following the month in which a plat thereof has been recorded in the Brunswick County Registry and such property has been annexed into the Development pursuant to an amendment hereto or supplemental declaration referring to this Declaration, made in accordance with the provisions hereof and recorded in the Brunswick County Registry. Notwithstanding any other provision of this Declaration, for as long as the Class "B" membership shall exist, Declarant may satisfy its obligation for Assessments against its property in the Development for any year by funding any operating deficit of the Association during such year; the operating deficit being determined by the following formula: the total amount of Assessments collected by the Association on all other property in the Development plus amounts expended from reserves during such year, minus the total actual expenditures by the Association during such year. Declarant shall be deemed to have elected to fund any operating deficit in such manner until Declarant notifies the Association in writing that it intends to pay Assessments against its property in the same manner as other Owners of property in the development, which notice shall be effective at the beginning of the next fiscal year after the year in which the notice is given. After once giving such notice, unless Declarant otherwise notifies the Association in writing before the beginning of a fiscal year, Declarant shall be deemed to have elected to continue paying Assessments or funding any deficit on the same basis as during the immediately preceding year. Declarant's option to make such election shall terminate at the beginning of the next fiscal year after the year in which the Class "B" membership ceases.

Section 5. Prorated Assessments and Initial Capital Contributions. For the fiscal year in



which a property first becomes subject to Assessments hereunder, the amount, of the Assessments payable for such year shall be prorated as of the first day of the month following the month in which such property becomes subject to Assessments, and shall be due only for the remainder of that fiscal year. In addition to the prorated Assessments, at the time of closing the initial purchaser of each Single Family Lot shall pay an initial capital contribution to the Association. An initial capital contribution in the amount of \$300.00 shall be due for each Single Family Lot. The Executive Board shall have discretion to allocate funds from such reserves for operating expenses of the Association, or to retain such funds for contingencies or future capital expenditures. The Declarant shall have authority to change the amounts of the initial capital contributions at any time with respect any property conveyed by Declarant after the date of the change.

Section 6. Due Dates, Late Charges and Interest. The Association shall have authority to establish the due date(s) of the any Assessment, or installments thereof. The Association may establish a late fee that shall be charged to Owners who have not paid an Assessment, or an installment thereof, by the due date, and the Association may provide that such late fee shall be charged on each subsequent due date until all Assessments are current. Any past due Assessment or installment thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as established by the Association, not to exceed the maximum rate allowed by law. The Association shall, upon demand at any time, furnish to any Owner liable for Assessments a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. As to all but the Owner, such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 7. Annual Assessments. The Association shall levy Annual Assessments for the payment of Common Expenses for the operation, maintenance, repair and replacement of the Common Elements, for the provision of services that the Association is authorized to provide, and for reserves. The Association may allocate portions of the Annual Assessments to fund a reasonable operating expense surplus, and to establish reserves for contingencies, emergencies, and/or for major maintenance, repairs and replacement of Common Elements. Common Expenses shall be assessed against all Single Family Lots.



Section 8. Maximum Annual Assessment. The Maximum Annual Assessment, as set forth in subsection (a) below, and as may be increased pursuant to the provisions of subsections (b) and (c) below, shall be levied by the Association; provided that if the Executive Board determines that the important and essential functions of the Association may be properly funded by an Annual Assessments less than the Maximum Annual Assessment, it may levy such lesser Annual Assessment. The levy of an Annual Assessment less than the Maximum Annual Assessment in any year shall not affect the Executive Board's right to levy the Maximum Annual Assessment in subsequent years. If the Executive Board shall levy less than the Maximum Annual Assessment for any year and thereafter, during such year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Executive Board may levy a supplemental Annual Assessment. In no event shall the sum of the initial Annual Assessment and supplemental Annual Assessment for that year exceed the applicable Maximum Annual Assessment.

(a) The initial Maximum Annual Assessment during 2008 shall be \$400.00 per Single Family Lot.

(b) From and after January 1, 2008, the Executive Board may increase the Maximum Annual Assessment for any year by up to twenty percent (20%) over the Maximum Annual Assessment for the previous year. The Maximum Annual Assessment may be increased by more than twenty percent (20%) over the previous year only upon an affirmative vote of at least sixty seven percent (67%) of the votes cast by the Owners affected by the increase, by written ballot or at a meeting duly called for that purpose.

(c) Notwithstanding the limitations set forth in subsection (b) above, in the event that Declarant conveys to the Association or the Association otherwise acquires amenities such as, but not limited to, a swimming pool, bathhouse and/or tennis court as Common Elements or in the event that the Association begins providing significant additional services for the benefit of the Owners, the Executive Board may increase the Maximum Annual Assessment by an amount necessary to cover the operating and maintenance costs for such amenities or services, without a vote of the Members.

Section 9. Special Assessments. In addition to Annual Assessments as authorized in this



Article, the Association may levy Special Assessments: (a) to construct, repair or replace capital improvements upon, or to make additions to, the Common Elements (excluding Limited Common Elements); (b) to provide for the necessary facilities and equipment to offer the services authorized herein; (c) to repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and (d) for any other purpose deemed necessary or desirable by the Executive Board. A Special Assessment, before being charged, must be approved by an affirmative vote of at least sixty seven percent (67%) of the votes cast by each Class of Members by written ballot or at a meeting duly called for that purpose. Subject to such approval, the Association may make one or more Special Assessments in any one year. The fact that the Association has made an Annual Assessment for an amount up to the permitted Maximum Annual Assessment shall not affect its right to make Special Assessments during the year. The amount of each Special Assessment to be paid by the Owners shall be in the same proportion as the payment of Annual Assessments. Special Assessments shall be due and payable thirty (30) days from the date written notice thereof is sent to an Owner, provided that the Executive Board may allow installment payments.

Section 10. Remedies of Association for Nonpayment of Assessments. In addition to any other available remedies, the Association shall have the following remedies for nonpayment of any Assessment:

(a) The lien of the Association for nonpayment of any Assessment shall be enforceable from and after the time that a claim of lien is filed of record in the office of the Clerk of Superior Court of Brunswick County, North Carolina, which claim shall state the name and address of the Association, the name of the record owner of the property as the time the claim of lien is filed, a description of the property and the amount of the lien claimed. The claim of lien may be filed when any Assessment or installment thereof remains unpaid for a period of thirty (30) days or longer, and the lien shall continue in effect until all sums secured thereby have been paid in full. The Association may foreclose the lien in like manner as a mortgage or deed of trust on real estate, including but not limited to, under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. Upon full payment of all sums



secured by such lien, the same shall be satisfied or released of record.

(b) The Association may bring an action at law against any Owner obligated to pay any past due Assessment. Institution of such an action shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure action or power of sale, nor shall proceeding by foreclosure or power of sale for such purpose be deemed an election precluding the institution of a suit at law to collect any sum owing to Association.

(c) The Association shall have authority, after notice and an opportunity to be heard, to suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Development) during any period that any Assessment remains unpaid for a period of thirty (30) days or longer. The procedures for suspension of privileges or services shall be as set forth in the Bylaws or as required by law.

Section 11. Exempt Property. The following interests in real property subject to this Declaration shall not be subject to any Assessment or lien provided for herein, solely by virtue of the such interest: (a) Common Elements; (b) drainage or utility easements; and (c) any portion of the Development dedicated to and accepted by a public authority. No land or improvements in the Development devoted to residential use shall be exempt. No Owner of any property subject to Assessments may become exempt from liability for any Assessment by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of such property, or in any other way.

ARTICLE V

FUNCTIONS OF ASSOCIATION

Section 1. Maintenance of Common Elements. The Association, subject to the rights of Owners as set forth in this Declaration, shall responsible for the management and control of the Common Elements (including furnishings and equipment used in connection therewith), and shall maintain them in good order, condition and repair, pursuant to the terms and conditions hereof. These responsibilities shall include, but not be limited to, the operation, maintenance, repair and replacement, subject to any



insurance then in effect, of all landscaping, structures, stormwater facilities and other improvements located within the Common Elements.

Section 2. Management Contracts. The Association may employ or contract for the services of a manager and delegate to such manner any or all of the powers and duties of the Association, except those that are required by this Declaration or by law to have approval of the Executive Board or the Owners.

Section 3. Rules and Regulations. The Association shall have authority to adopt and enforce rules and regulations regarding the Development or the use of the Common Elements. Such rules and regulations may include, without limitation, restrictions on the types and sizes of vehicles that may be used on the streets in the Development, the maximum noise levels of vehicles, maximum and minimum speeds, and any other traffic or parking regulations (the fact that any such rules or regulations shall be more restrictive than the laws of the State of North Carolina or any other public authority shall not make such restrictions unreasonable).

Section 4. Sanctions for Violations. The Association shall have authority, after notice and an opportunity to be heard, to impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Development) for reasonable periods of violations of this Declaration, the Bylaws or any rules and regulations of the Association. The procedures for imposition of fines or suspension of privileges or services shall be as set forth in the Bylaws or as required by law.

Section 5. Services. The Association shall have authority, but shall not be required, to provide any or all of the following services: (a) security and traffic control, including but not limited to maintenance of restricted entries and/or security gates, employment of police or security guards, and maintenance of electronic or other security devices; (b) lighting of entrances, streets sidewalks and paths; (c) stormwater drainage; (d) water, sewer and any necessary utilities not provided by a public authority or private utility; (e) common antenna or cable service; (f) cleanup and maintenance of public properties located within or in such reasonable proximity to the Development as to affect the appearance of the

Development; (g) provision and/or operation of recreation or other facilities or programs of any nature serving the Owners; (h) communications informing Owners of activities or meetings; (i) provision of any of the services listed above to a Sub-Association by contract with such Association; and (j) such other services as may be necessary or desirable in the Declaration. The Association may contract for any such services. The Association shall be authorized, but not required, to own or lease such equipment, furnishings and improvements as necessary to provide any of such services.

Section 6. Property and Liability Insurance. The Association shall obtain and maintain insurance coverage as hereinafter provided.

(a) Commencing not later than the time of the first conveyance of a Single Family Lot, the Association shall maintain, to the extent reasonably available:

(i) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall not be less than eighty percent (80%) of the replacement costs of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land excavations, foundations, and other items normally excluded from property policies.

(ii) Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

(b) If the insurance described in subsection (a) of this section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Owners.

(c) Insurance policies carried pursuant to subsection (a) of this section shall provide that:

(i) Each Owner is an insured person under the policy to the extent of the Owner's insurable interest;

(ii) The insurer waives its right to subrogation under the policy against any Owner or member of

an Owner's household;

(iii) No act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and,

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(d) Any loss covered by the property policy under subdivision (a)(1) of this section shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. Subject to the provisions of subsection (k) of this Section, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Association is dissolved.

(e) An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

(f) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and to each Owner, mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(g) Any portion of the Development for which insurance is required under subsection (a)(1) of this section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Association has been dissolved, (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Owners decide not to rebuild by an eighty percent

(80%) vote. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If any portion of the Common Elements is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Development, and (ii) the remainder of the proceeds shall be distributed, to all the Owners or lienholders, as their interests may appear, in proportion to their Common Expense liabilities. Notwithstanding the provisions of this subsection, Section 47F-2-118 of the North Carolina General Statutes governs the distribution of insurance proceeds if the planned community is terminated.

Section 7. Other Insurance.

(a) The Association shall maintain fidelity coverage against dishonest acts by the Association's officers, employees and others who are responsible for handling funds of the Association. If the Association contracts with another Person to receive and disburse the monies of the Association, then such Person shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in such amount as the Executive Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar term.

(b) To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect the Executive Board and officers of the Association from personal liability arising in connection with their duties and responsibilities in such capacities on behalf of the Association.

(c) The Association shall maintain workers compensation with respect to its employees, if any, as required by law.

(d) The Association may obtain insurance against such other risks as the Executive Board shall deem appropriate.

Section 8. Maintenance Easement. The Association, its agents and representatives, shall have an easement upon, across, over, in and under all property located within the Development as may be

necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to this Declaration or by law. The Association shall not unreasonably interfere with the rights of the Owners in the exercise of this easement.

Section 9. Borrowing by the Association. The Association, upon approval by the Executive Board, shall have the power and authority to borrow funds for use by the Association in performing its authorized functions; provided that the Common Elements shall not be mortgaged to secure any such loans without approval of the Owners as provided herein. Declarant may make loans to the Association on terms and conditions determined by Declarant in its sole discretion. Notwithstanding anything in this Declaration to the contrary, the Association shall not reduce the amount of the Annual Assessment at any time when any amounts are due to Declarant as repayment of any loan made by Declarant to the Association.

Section 10. Obligations of the Association. The Association shall not be obligated to carry out or offer any functions or services except as required by the provisions of this Master Declaration or by law. The functions and services carried out or offered by the Association at any particular time shall be determined by the Executive Board after taking into consideration the funds available to the Association and the needs of the Owners.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Purpose and Applicability. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design and to protect and promote the value of property located in the Development, all such property and all improvements thereon, including landscaping, shall be subject to the provisions of this Article VI.

Section 2. Architectural Control Committee. The Association shall have an Architectural Control Committee. The Architectural Control Committee shall consist of not less than two (2) members, who shall be appointed by and shall serve at the pleasure of the Executive Board. The Architectural Control Committee is hereby authorized to retain the services of consulting architects, engineers,



inspectors, landscape architects, attorneys and any other professionals it deems appropriate in order to advise and assist the Committee in performing its functions under this Article. The members of the Architectural Control Committee may be paid a stipend as established from time to time by the Executive Board.

Section 3. Organization and Operation of Architectural Control Committee. The Executive Board shall appoint the Chairperson of the Architectural Control Committee or, if the Executive Board fails to do so, the Committee may appoint a Chairperson from among its members. Prior to any meeting reasonable notice shall be given to each member of the Architectural Control Committee indicating the time and place of the meeting. Any member may waive notice by affirmative action or by attendance at a meeting. The Chairperson shall conduct the meeting or, in the absence of the Chairperson those present may appoint a temporary chairperson for that purpose. A quorum shall consist of a majority of the members serving on the Committee at the time of the meeting. The affirmative vote of a majority of the members of the Architectural Control Committee present at a duly called meeting at which a quorum is present shall govern its actions and be the act of the Architectural Control Committee. Actions may also be taken by the written consent of all of the members serving on the Committee.

Section 4. Architectural Design Standards and Guidelines. The Architectural Control Committee may from time to time adopt, establish and publish architectural design standards and guidelines, which shall be consistent with this Declaration and may more specifically define and describe design standards, guidelines and review procedures. The architectural design standards and guidelines may be modified or amended from time to time by the Architectural Control Committee. Each Owner shall have the right to receive a copy of the current guidelines upon request.

Section 5. Plan Approval Required. No site preparation, excavation, or changes in grade, nor any construction, erection, alteration or installation of any improvements (including, but not limited to, dwellings, outbuildings, driveways, fences, walls, signs, antennas, mailboxes, post lamps or other structures or ornamental features) or landscaping shall be undertaken or allowed to remain upon any property in the Development unless plans and specification showing the nature, kind, shape, height,



materials, color scheme and location of the proposed improvements and/or landscaping shall have been submitted to and expressly approved in writing by the Architectural Control Committee. Submittals for new construction shall include a site plan and such other information as the Architectural Control Committee may require. No subsequent alteration, modification or installation of additional improvements or landscaping shall be undertaken or allowed to remain without the review and express written approval of the Architectural Control Committee. Prior to occupancy of a structure in the Development, a certificate of final approval must be obtained from the Architectural Control Committee. The Architectural Control Committee or its agents shall have the right to inspect all construction to insure that the same is in accordance with the approved plans, specifications and details. These required approvals are separate from and in addition to permits and approvals required by public authorities.

Section 6. Architectural Review Process. The Owner shall submit or cause to be submitted to the Architectural Control Committee a complete application including at least two (2) complete sets of the final plans and specifications for any and all proposed improvements and landscaping. The Architectural Control Committee shall approve or disapprove of such plans and specifications within sixty (60) days from receipt of a complete application. The application shall not be complete if the plans and specifications or other information required to be submitted contain erroneous data or fail to present full and adequate details upon which the Architectural Control Committee can reach a decision. The Architectural Control Committee shall retain one set of plans and specifications for its permanent files and the other set shall be returned to the person submitting them, with the approval or disapproval endorsed thereon. The Architectural Control Committee shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of this Declaration or any architectural design standards and guidelines adopted by the Architectural Control Committee, or if the design features or color schemes of the proposed improvements or landscaping are not in harmony with the general surroundings of the subject property or with the standards of the Development. If the Architectural Control Committee fails to approve or disapprove plans and specifications within sixty (60) days after a complete application has been submitted



and received, approval shall not be required and the requirements of this Article will be deemed to have been fully satisfied with respect to the plans and specifications submitted; provided, however, that all improvements shall be subject to the other provisions of this Declaration and any amendment hereto or supplemental declaration executed in accordance with the provisions hereof and recorded in the Brunswick County Registry, including without limitation any building setbacks, minimum house size requirements and maximum impervious coverage restrictions.

Section 7. Expenses, Review Fees, Construction Bonds and Fines. The Association shall pay all expenses of the Architectural Control Committee. The Association and the Architectural Control Committee shall have authority to charge Owners review fees and to require a construction bond or deposit with each application submitted for review, in amounts established from time to time, and such amounts shall be collected by the Architectural Control Committee at the time the application is submitted and remitted to the Association to help defray the expenses of the Committee's operation. Review fees and construction bonds or deposits may vary depending on the classification of the property. The Association and the Architectural Control Committee shall also have authority to levy fines for unapproved changes or other violations of the provisions of this Declaration, any amendment hereto or supplemental declaration executed in accordance with the provisions hereof and recorded in the Brunswick County Registry, any design standards and guidelines adopted by the Committee, or any other requirements adopted by the Committee in accordance with any of the foregoing.

Section 8. Limitation of Liability. Neither the Architectural Control Committee, nor any member thereof, shall be liable to any person for any official act of the Committee, except to the extent the Committee or any member thereof acted with malice or wrongful intent. The Association shall defend and indemnify the Architectural Control Committee and the members thereof in any action or proceeding against the Committee or any member thereof acting in such capacity, except to the extent that the Committee or the member shall be adjudged to have acted with malice or wrongful intent; provided that a court in which such action or proceeding is brought may determine that in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification. Approval of any plans and



specifications by the Architectural Control Committee does not assure approval thereof by any governmental authority. Notwithstanding that the Architectural Control Committee has approved plans or specifications, neither the Architectural Control Committee, the Association or Declarant, nor any of their respective officer, directors, members, managers, employees, agents or consultants, shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions hereof, or for any structural or other defects in any work done according to such plans and specifications.

Section 9. Maintenance of Property. Each Owner of property in the Development shall be responsible for the repair, maintenance and upkeep of such Owner's property, whether improved or unimproved, including but not limited to all structures, vegetation, landscaping, fences, driveways, glass surfaces, window and door screens, patios, decks, basement and crawl space areas; provided, however, that the external appearance of such repairs, maintenance and upkeep shall be subject to the regulation and control of the Executive Board and the Architectural Control Committee. Should an Owner fail to discharge its repair, maintenance or upkeep responsibilities in a reasonable provide such Owner written notice of such deficiency. If the problem has not been remedied within a reasonable time (as determined by the Executive Board in its sole and absolute discretion), the Association shall have the right to cause such repair, maintenance and upkeep to be performed and to charge the cost thereof as an Assessment attributable to such property.

Section 10. Mowing. The Association shall have authority to establish a requirement for periodic mowing of all property in the Development by a specified date or dates each year and, for any such property that has not been mowed by such date, the Association shall have authority to cause such property to be mowed and to charge the cost thereof as an Assessment attributable to such property. Unless otherwise provided by rule or regulation adopted by the Association, each property in the Development shall be mowed at least twice a year, by the end of May and again by the end of September.

Section 11. Removal, of Nonconforming Improvements, Repair or Removal After Casualty.
The Association, upon request of the Architectural Control Committee and after reasonable notice to the



Owner, may remove any improvements or landscaping constructed, altered or maintained in violation of the provisions of this Declaration, any amendment hereto or supplemental declaration executed in accordance with the provisions hereof and recorded in the Brunswick County Registry, or any design standards and guidelines adopted by the Committee, and the Owner thereof shall forthwith reimburse the Association for all expenses incurred in connection therewith, which expenses shall constitute an Assessment attributable to such property. Any improvement damaged in whole or in part by fire, windstorm or any other cause must be promptly restored or all debris removed and the property restored to a sightly condition. Such restoration or removal of debris shall be completed within three (3) months from the date of the casualty unless the Architectural Control Committee grants a written extension. If an Owner or Sub-Association fails to comply with this requirement, the Association shall have the right to cause such restoration or removal to be performed and to charge the cost thereof as an Assessment attributable to such property.

ARTICLE VII

RIGHTS AND RESERVATIONS OF DECLARANT

Section 1. Reservation of Rights. Declarant shall have, and Declarant hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Association and the Common Elements. The rights and reservations set forth in this Declaration shall be deemed excepted and reserved in each conveyance of property by Declarant to the Association and in each deed or other instrument by which any property within the Development is conveyed by Declarant to any Person, whether or not specifically stated therein. The rights, reservations and easements set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section.

Section 2. Declarant's Rights to Use Common Elements. Declarant shall have and hereby reserves the right to reasonable use of the Common Elements and of services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties



within the boundaries of the Development and the Additional Property. Without limiting the generality of the foregoing, Declarant may: (a) erect and maintain on any part of the Common Elements such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper; (b) use a portion of any clubhouse or other structure constituting Common Elements for office space for administrative, development, construction, sales and/or leasing purposes; (c) use vehicles and equipment on the Common Elements for development, construction and promotional purposes; (d) permit prospective purchasers of properties within such boundaries, who are not Owners, to use or enter the Common Elements at reasonable times and in reasonable numbers; and (e) refer to the Association and to the Common Elements and services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties within such boundaries.

Section 3. Declarant's Rights to Complete Development. No provision of this Declaration shall be construed to prevent or limit Declarant's rights, or require Declarant to obtain approval of the Association or the Architectural Control Committee, to: (a) complete the development, construction, promotion, marketing, sale and leasing of the Development and the Additional Property; (b) excavate, cut, fill or grade any property owned by Declarant; (b) construct, alter, remodel, demolish or replace any improvements on any property owned by Declarant; (c) maintain model homes and/or offices for administrative, development, construction, sales and/or leasing purposes, or similar facilities on any property owned by Declarant or by the Association; or (d) post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within the Development and the Additional Property.

Section 4. Easement for Expansion of Development. Declarant reserves to itself, its successors and assigns, a perpetual, nonexclusive easement over the Common Elements (including Limited Common Elements) for ingress, egress and regress for construction, operation, maintenance and repair of drainage facilities, utilities, streets, paths, walkways, recreation areas and/or parking areas in order to serve the Owners of property within the Development, as the same may be expanded, which nonexclusive easement and rights may be assigned in whole or in part.



Section 5. Easement for Use of Additional Property. Declarant reserves to itself, its successors and assigns, a perpetual, nonexclusive easement over the Common Elements (including Limited Common Elements) for ingress, egress and regress for construction, operation, maintenance and repair of drainage facilities, utilities, streets, paths, walkways, recreation areas and/or parking areas for the development and use of the Additional Property, or any portion thereof, other than as part of the Development, which nonexclusive easement and rights may be assigned in whole or in part.

Section 6. Easement for Recreational Facilities. Declarant reserves to itself, its successors and assigns, a perpetual, right to develop, maintain and operate recreational facilities that are not Common Elements, including but not limited to swimming pools, tennis courts and clubhouses, whether located within or without the Development, including a nonexclusive right of way and easement for ingress, egress and regress for construction, operation, maintenance and repair of any such recreational facilities, over all streets shown on any plat of any portion of the Development recorded in the Brunswick County Registry, whether such streets are designated as Common Elements, Limited Common Elements or otherwise. Declarant reserves the right to assign such rights and easement, in whole or in part, to any Person for such purposes. This reservation is made for the benefit of Declarant, the owner of such recreational facilities, the members and invited guests of any club associated with such facilities, and for the associated operation, maintenance and service personnel. Nothing herein shall be construed as a requirement or representation that Declarant or any other Person will construct any recreational facilities.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use and Building Type.

(a) No Single Family Lot shall be used except for single family residential purposes. No residential building of less than 1,800 square feet of heated and cooled living space shall be constructed upon any Single Family Lot. If the dwelling contains 1-1/2 stories, then at least 75% of the gross square footage shall be on the first floor above grade. If the dwelling contains two or more stories, then at least 60% of the gross square footage shall be on the first floor above grade.



(b) Only site built homes shall be permitted on any Single Family Lot and no home or other structure may be moved or relocated from any other property onto any Single Family Lot. Manufactured homes, modular houses, single-wide and double-wide trailers or mobile homes are all expressly prohibited from being placed upon any of the Single Family Lots within this Development.

(c) The Dwelling shall be constructed in accordance with architectural plans that have been approved as to architectural style, exterior materials, color schemes and placement on the Single Family Lot by the Architectural Control Committee, and in accordance with design standards and guidelines of the Architectural Control Committee, as provided in Article VI, above.

(d) The Dwelling must be substantially completed in accordance with the plans and specifications as approved by the Architectural Control Committee within six (6) months from date of commencement of construction. No Dwelling shall be occupied until the same has been substantially completed, in accordance with its plans and specifications, and a Certificate of Occupancy has been issued by the Architectural Control Committee or its designee, and the Brunswick County Building Inspection Department, or other applicable governmental authority.

Section 2. Exterior Appearance of Dwellings. No foil or other reflective materials shall be used on any window for sun screens, blinds, shades or other purpose, nor shall any window-mounted heating or air-conditioning units be permitted. All blinds, curtains and other window treatments must conform to any requirements established by the Architectural Control Committee. Outside facilities for drying or airing clothes are specifically prohibited. No clothing, rugs, or other items may be hung from any railing, fence, hedge or wall. All trash receptacles and fuel storage tanks shall be screened so as not to be visible from any street within the Development. Declarant or the Association may develop rules and regulations governing the placement, maintenance and visibility of such tanks and receptacles not inconsistent with governmental regulations.

Section 3. Outside Antennas and Satellite Dishes. No outside radio or television antennas or satellite dishes shall be erected on any Single Family Lot within the Development unless and until permission for the same has been granted by the Architectural Control Committee in accordance with



procedures adopted by the Committee. Any such antennas or satellite dishes must be screened and placed in accordance with procedures adopted by the Committee.

Section 4. Landscaping. The Owner of a Single Family Lot shall install and maintain landscaping in accordance with plans approved by the Architectural Control Committee, as provided in Article VI, above.

Section 5. Burning. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted on any Single Family Lot.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon any Single Family Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, of obnoxious smell or odor, loud, unpleasant or of like nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. It shall be the responsibility of the Lot Owner to prevent the development of any unclean, unsightly or unkept condition of buildings or grounds on a Single Family Lot which would tend to substantially decrease the beauty of the neighborhood as a whole or the specified area.

Section 7. Vehicles. No stripped, partially wrecked, or junk motor vehicle, or part thereof, shall be permitted to be parked or kept on any Single Family Lot or upon any street, road, Common Element, Limited Common Element or Unimproved Tract within the Development. All motor vehicles operated in the Development shall have functioning, effective mufflers. No all terrain vehicles, dirt bikes, 4-wheelers or other vehicles designated for off road use shall be operated in the Development at all under any circumstances. No motor home or travel trailer shall be occupied overnight on any lot for residential or other use of any kind. No motor home, camper, travel trailer, boat or boat trailer shall be kept or maintained on any Single Family Lot or on any street, road, Common Element, Limited Common Element or Unimproved Tract within the Development.

Section 8. Temporary Structures. No structure of a temporary character, trailer, basement,



tent, shack, barn or other outbuilding shall be used on the lot any time as a residence, either temporarily or permanently.

Section 9. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Single Family Lot or in any dwelling, or otherwise in the Development, except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free and are at all times properly restrained. No stable, poultry house or yard, or other similar structure may be allowed on any property within the Development.

Section 10. Mail Boxes and Newspaper Receptacles. The Owner of a Single Family Lot shall purchase and use a mailbox and newspaper receptacle approved by the Architectural Control Committee. No deviation from the mailbox and newspaper receptacles approved by the Architectural Control Committee shall be permitted.

Section 11. Lighting. No outdoor lights that project high-density off-site illumination shall be allowed on any Single Family Lot. No light bulbs shall be colored other than clear or white.

Section 12. Garages. No unenclosed garage or carport shall be allowed on an Single Family Lot. The garage (which must be large enough to hold two cars) that is part of the Dwelling shall at all times be used as a garage and not enclosed as living space (this shall not be interpreted to prohibit living space above a garage that is part of the Dwelling). Garages shall be equipped with electric garage door openers. If the garage door entrance can be seen from the street or from adjacent Single Family Lots, the garage door shall be in a down, or closed position at all times except when a motor vehicle is being placed inside or outside the garage. All motor vehicles shall be parked or stored inside the garage or in the specific spaces within a Single Family Lot as designated on the plans approved by the Architectural Control Committee.

ARTICLE IX

STORMWATER REGULATIONS

The following covenants are intended to ensure ongoing compliance with State Storm Water Management



Permit Number SW8050519 as issued by the Division of Water Quality under NCAC 2H.1000.

Section 1. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.

Section 2. These covenants are to run with the land and be binding on all persons and parties claiming under them.

Section 3. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

Section 4. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

Section 5. The maximum allowable built-upon area per lot is 5,880 square feet. 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 includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking or the water surface of swimming pools.

Section 6. 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.

Section 7. Each lot shall maintain a 30' wide vegetated buffer between all impervious areas and surface waters.

Section 8. All roof drains shall terminate at least 30' from the mean high water mark of surface waters.

Section 9. Lots within CAMA's Area of Environmental Concern (AEC) may have the permitted built-upon area reduced due to CAMA jurisdiction within the AEC. Filling in, piping or altering any designated 5:1 curb outlet swale associated with the Development is prohibited by any persons. These covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina.

ARTICLE X



ANNEXATION AND AMENDMENTS

Section 1. Annexation by Declarant. Declarant reserves the right, but shall not be obligated, to expand the Development by annexation to include all or part of the Additional Property. Such expansion may be accomplished by recording amendments hereto or a supplemental declarations referring to this Declaration in the Brunswick County Registry on or before December 31, 2025, describing the real property to be annexed in each instance and subjecting it to the provisions of this Declaration. Such amendments or supplemental declarations shall not require the consent of any Owners or the Association. Any such annexation shall be effective upon the filing for record of such amendment or supplemental declaration. Upon the recordation of any such amendment or supplemental declaration, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Development as expanded. Any such amendment or supplemental declaration may add, delete, or modify provisions of this Declaration as it applies to the property being annexed. Declarant shall have the unilateral right to transfer to any other Person the right to expand that is herein reserved, by an instrument recorded in the Brunswick County Registry. This Declaration may not be modified with respect to property that is already part of the Development, except as hereinafter provided for amendments.

Section 2. Annexation by Owners. The Owners shall have the right to annex any property into the Development at any time, with the consent of the owner(s) of such property, by the affirmative vote or written agreement of Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated; provided that any such annexation prior to December 31, 2025 shall require the written consent of Declarant. Such annexation may be accomplished by recording an amendment hereto in the Brunswick County Registry describing the real property to be annexed and subjecting it to the provisions of this Declaration.

Section 3. Amendments by Declarant. Prior to the first conveyance of a Single Family Lot, to an Owner other than Declarant, Declarant may unilaterally amend this Declaration. After such first conveyance, Declarant may unilaterally amend this Declaration so long as Declarant still owns any portion of the Development or Additional Property, and so long as the amendment has no material



adverse effect upon the substantive rights of any other Owner. No amendment required by any governmental authority, or to correct obvious typographical or drafting errors or inconsistencies, shall be deemed material. Declarant, for so long as it shall retain control of the Executive Board, and thereafter the Executive Board, may amend this Declaration as shall be necessary, in its opinion and without the consent of any Owner, in order to qualify the Association for tax exempt status under any applicable laws or regulations.

Section 4. Amendment by Owners. Except as otherwise provided in this Article, this Declaration may be amended only by the affirmative vote or written agreement of Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated; provided that any such amendment must be recorded in the Brunswick County Registry in order to be effective and any amendment prior to December 31, 2025 shall require the written consent of Declarant. If an Owner consents to any amendment to this Declaration, it will be conclusively presumed that such Owner has the authority to give such consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment may remove, revoke or modify any right or privilege of Declarant or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by a Mortgagee, or impair the rights granted to Mortgagees herein, without the prior written consent of such Mortgagee(s).

Section 5. Execution and Recordation of Annexations and Amendments. Declarant may record any annexation, amendment or supplemental declaration made by Declarant in accordance with the provisions of this Article. Any other annexation or amendment to this Declaration shall, following approval by the Owners (to the extent that such approval is required), be delivered to the Executive Board and the Executive Board shall, within thirty (30) days after receipt thereof: (a) reasonably assure itself that the amendment has been duly approved by the Owners (to the extent required) as provided herein; (b) attach to the amendment a certification as to its validity, which certification shall be duly executed and acknowledged; and (c) cause the amendment to be recorded in the Brunswick County Registry.

Section 6. Effect and Validity of Amendments. In order to be effective, any amendment to this



Declaration must be recorded in the Brunswick County Registry. All amendments shall be effective from the date of recordation. When any instrument purporting to amend this Declaration has been executed by

Declarant or certified by the Executive Board, as applicable, and recorded as provided in this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Limited Liability. Declarant shall not be liable to any Owner or to any other Person on account of any claim, liability, damage or expense suffered or incurred by or threatened against any such Owner or other Person arising out of or related to any reviews, inspections, consents or approvals required by or contemplated under this Declaration, whether such reviews, inspections, consents or approvals are given, granted or withheld.

Section 2. Transfer of Declarant's Rights. Declarant shall have the right to assign and transfer any or all of its rights and obligations hereunder to one or more other Person(s), at any time or from time to time, pursuant to a written instrument executed by Declarant and recorded in the Brunswick County Registry.

Section 3. Application of Restrictions. The covenants, conditions and restrictions set forth in this Declaration shall apply only to the Development and not to the Additional Property or to any other property now or hereafter owned by Declarant, unless such other property is subjected to the provisions of this Declaration pursuant to an amendment hereto or supplemental declaration executed by Declarant and recorded in the Brunswick County Registry.

Section 4. Waiver of and Consent to Violations. Where approval authority is specifically granted to the Architectural Control Committee herein, the Architectural Control Committee may waive a violation of a covenant, condition or restriction by appropriate instrument in writing. Otherwise, Declarant may waive any violation of the covenants, conditions and restrictions set forth herein, or release any of the easements reserved herein, by appropriate instrument in writing.



Section 5. Authorized Action. All actions that the Association is allowed to take under this Declaration shall be authorized actions of the Association if approved by the Executive Board in a manner provided for in the Bylaws, unless the terms of this Declaration provide otherwise.

Section 6. Enforcement. Except to the extent that a waiver has been duly granted as provided herein, Declarant, the Association, their respective successors and assigns, and any Owner shall have the right to enforce, by a proceeding at law or in equity, all of the covenants, conditions and restrictions set forth herein against any Person or Persons violating or attempting to violate the same, either to restrain the violation or to recover damages. Failure by any such Person to enforce any of the covenants, conditions or restrictions set forth herein shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper first class postage affixed, to the address appearing on the Association's membership list. Notice to one of two or more co-owners or co-tenants shall constitute notice to all co-owners. It shall be the obligation of every Owner to immediately notify the Secretary of the Association in writing of any change of address. Any Person who becomes an Owner following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to the predecessor in title.

Section 8. Rights of Lenders and Insurers of First Mortgages. "Institutional Lender," as the term is used herein, shall mean and refer to banks, mortgage companies, other firms or entities customarily affording loans secured by first liens on real property, and eligible insurers and governmental guarantors. So long as any Institutional Lender shall hold any first lien upon any property within the Development, or shall be an Owner, such Institutional Lender shall have the right to inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association and, upon written request specifying an address for notice, the right to be given written notice by the Association of: (a) the call of any meeting of



the Owners to be held for the purpose of considering any proposed amendment to this Declaration, the Articles of Incorporation or Bylaws; (b) any condemnation loss or casualty loss which affects a material portion of the Common Elements; (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (d) any proposed conveyance, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article III hereof; or (e) any delinquency in the payment of any Assessment by any Owner of property encumbered by a mortgage held by the Institutional Lender. The Association shall keep a separate register of all Institutional Lenders who have made written request pursuant to this Section.

Section 9. Term. The covenants, conditions and restrictions set forth herein, as the same may be amended in accordance with the provisions hereof, shall run with the land that is subject hereto, including all land annexed into the Development pursuant to the provisions hereof, and shall be binding on all Owners of such land and all Persons claiming under them until December 31, 2030. Thereafter, said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless and until a termination agreement approved by Owners to which at least eighty percent (80%) of the votes of all the Owners are allocated has been recorded in the Brunswick County Registry. The easements reserved herein shall run with the land subject thereto, including all land annexed into the Development pursuant to the provisions hereof, and shall be binding on all owners of such land and all Persons claiming under them, except to the extent that an easement has been released by the Person or Persons having rights thereto pursuant to a recorded release.

Section 10. Severability. Should any covenant, condition or restriction herein contained be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof, which are hereby declared to be severable and which shall remain in full force and effect.

Section 11. Applicable Laws. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to: (a) all applicable zoning, subdivision and other laws, ordinances and regulations of local, state and federal authorities with jurisdiction over the Development,



as the same may be amended or modified from time to time; and (b) all conditions imposed on the Development by any such public authorities.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed as of the day and year first above written.

THE W. R. BROWN, SR., FAMILY, LLC

By: William R. Brown, Jr.
William R. Brown, Jr.
Member/Manager

By: Gerald L. Brown
Gerald L. Brown
Member/Manager

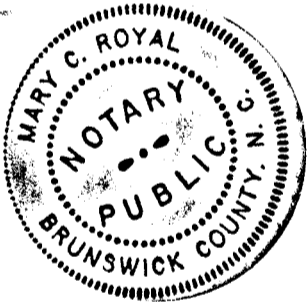
STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I certify that the following person personally appeared before me this day and acknowledged to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: **WILLIAM R. BROWN, JR. and GERALD L. BROWN, as Member/Managers of THE W. R. BROWN, SR., FAMILY, LLC, a North Carolina Limited Liability Company, as and for the act of the Company.**

DATE: 9.26.06

Official Seal:



Mary C Royal
(Notary's Signature)

Notary's Printed or Typed

Name: MARY C ROYAL

My Commission Expires: June 17, 2007



Exhibit "A"
to
Declaration of
Covenants, Conditions, Restrictions and Easements
for Ruffin's River Landing Subdivision
Property Currently in the Development
BEING all of that property including Lots 1 through 92, Ruffin's River Landing Subdivision as recorded in Map Cabinet 36, Pages 15-19, inclusive, Brunswick County Registry.