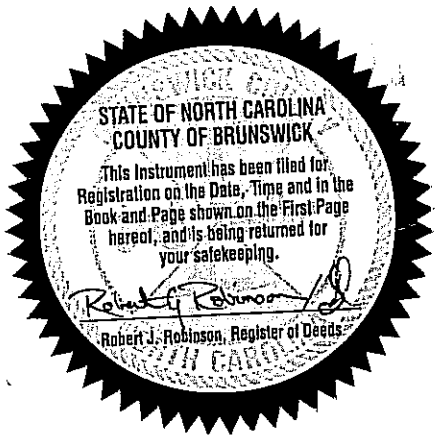

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MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BRUNSWICK FOREST RESIDENTIAL PROPERTY

PREPARED BY:
MURCHISON, TAYLOR & GIBSON, PLLC
16 NORTH FIFTH AVENUE
WILMINGTON, NC 28401

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

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MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BRUNSWICK FOREST RESIDENTIAL PROPERTY

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BRUNSWICK FOREST RESIDENTIAL PROPERTY (this "Declaration") is made this 23rd day of March, 2006, by **FUNSTON LAND & TIMBER, LLC**, a limited liability company organized and existing under the laws of the state of North Carolina ("Declarant").

Article I
Creation of the Community

1.1. Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A," which is attached hereto and incorporated herein by reference, intends by Recording this Declaration to establish a general plan of development for the planned community known as Brunswick Forest and/or Brunswick Forest Residential Property. This Declaration provides a flexible and reasonable procedure for Brunswick Forest's future expansion and provides for its overall development, administration, maintenance and preservation. An integral part of the development plan is the creation of Brunswick Forest Master Association, Inc., a master association comprised of all owners of real property in Brunswick Forest, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

Any or all of the real property described in Exhibit "B," which is attached hereto and incorporated herein by reference, may be subjected to the provisions of this Declaration pursuant to Article IX, but no such property is required to be subjected to this Declaration. Any or all of the property described in Exhibit "B" or any other property (including without limitation, portions of the property described in Exhibit "A", if withdrawn from this Declaration as provided in Section 10.1) may be developed as commercial property and may be subject to commercial covenants, and/or a master cross-access easement and maintenance agreement, and/or one or more Cost Sharing Agreements, as defined herein. For the purposes of these Governing Documents, the terms "Brunswick Forest" and "Brunswick Forest Residential Property," shall be deemed interchangeable and shall both be defined as provided in Article II.

1.2. Binding Effect.

All property described in Exhibit "A," and any additional property which is made a part of Brunswick Forest in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property, and to the provisions of the North Carolina Planned Community Act. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of Brunswick Forest, their heirs, successors, successors-in-title, and assigns.

This Declaration, as it may be amended, shall remain in effect and shall be enforceable by Declarant, the Master Association, any Owner, and their respective legal representatives, heirs,

successors, and assigns, for a term of forty (40) years from the date this Declaration is Recorded. After such time, this Declaration shall be extended automatically for successive periods of ten (10) years each, unless an instrument signed by eighty (80%) of the then Owners has been Recorded within the year preceding any extension, agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents.

Brunswick Forest's Governing Documents consist of this Declaration and any applicable Supplemental Declaration; the By-Laws; the Articles; the Architectural Design Standards; the Restrictions and Rules; Board resolutions; and Recorded plats of Brunswick Forest, all as they may be amended from time to time.

Some Neighborhoods within Brunswick Forest may be subject to additional covenants, restrictions and easements, which a Neighborhood Master Association may administer. In such case, if there is a conflict between or among the Governing Documents and any such additional covenants or restrictions, or the governing documents or policies of any such Neighborhood Master Association, the Governing Documents shall control.

Nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of Brunswick Forest from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration and, in such case, the more restrictive shall control. The Master Association may, but shall not be required to, enforce any such covenants, restrictions or other instruments applicable to any Neighborhood.

The Governing Documents apply to all Owners and occupants of property within Brunswick Forest, as well as to their respective tenants, guests and invitees. If a Unit is leased, the lease shall provide that the tenant and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents.

If any court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

Throughout the Governing Documents, there are diagrams to illustrate the concepts discussed and aid in the reader's comprehension. Such diagrams are for illustrative purposes only. In the event of a conflict between any diagram and the text of the Governing Documents, the text shall control.

Article II
Concepts and Definitions

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Architectural Design Standards": The guidelines and standards for architecture, design, construction, landscaping and exterior items on Units adopted pursuant to Article IV, as they may be amended from time to time.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Master Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, or agreements.

"Articles": Brunswick Forest Master Association, Inc.'s Articles of Incorporation, filed with the North Carolina Secretary of State, as they may be amended.

"Base Assessment": Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Article VIII.

"Brunswick Forest" or "Brunswick Forest Residential Property": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

"Board of Directors" or "Board": The body responsible for administration of the Master Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under North Carolina corporate law.

"Builder": Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within Brunswick Forest for further subdivision, development, and/or resale in the ordinary course of its business.

"By-Laws": The By-Laws of Brunswick Forest Master Association, Inc., as they may be amended. A copy of the initial By-Laws is attached to this Declaration as Exhibit "D."

"Class "B" Control Period": The period of time during which the Class "B" Member is entitled to appoint the members of the Board, as provided in the By-Laws. The Class "B" Control Period shall terminate on the first to occur of the following:

(a) when 75% of the total number of Units permitted by the Master Plan for the property described in Exhibit "A" and Exhibit "B" have certificates of occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;

(b) December 31, 2030; or

(c) when, in its discretion, the Class "B" Member so determines and declares in an instrument Recorded in the Register of Deeds of Brunswick County, North Carolina.

"Common Area": All real and personal property, including easements, which the Master Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Limited Common Area, as defined below.

"Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Master Association for the general benefit of all Owners, together with any allocation to reserves, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless Voting Members representing a majority of the total Class "A" vote of the Master Association approve. Payments due under leases of capital

improvements such as street lights shall not be considered an initial development or original construction cost.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at Brunswick Forest, or the minimum standards established pursuant to the Architectural Design Standards, Restrictions and Rules, and Board resolutions, whichever is a highest standard. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Brunswick Forest change.

"Cost Sharing Agreement": Any agreement, contract, or covenant between the Declarant (and/or the Master Association) and an owner of, operator of, or property association having jurisdiction over property within, adjacent to, or in the vicinity of Brunswick Forest (including, without limitation, any Private Amenity) pursuant to this Declaration, creating easements, rights, or obligations for the benefit of the Master Association and/or the present and future owners of the subject real property and providing for the sharing of the expenses of the same, including but not limited to any costs of maintaining property described in that document with adjacent properties.

"Declarant": Funston Land & Timber, LLC, a North Carolina limited liability company, or any successor or assign who: 1) takes title to any portion of the property described in Exhibit "A" or Exhibit "B" for the purpose of development and/or sale and 2) who or which is specifically granted some or all of Declarant's rights pursuant to a recorded instrument executed by the immediately preceding Declarant.

"Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, the Architectural Design Standards, the Restrictions and Rules, Board resolutions, and Recorded plats of Brunswick Forest, as any one or more of which may be amended from time to time.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Units or Neighborhoods, as more particularly described in Article XII.

"Master Association": Brunswick Forest Master Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

"Master Plan": The "Master Land Use Plan of Brunswick Forest for Funston Land & Timber, LLC," prepared by Hanover Design Services, P.A. and approved on February 17, 2005 by the Planning Board of the Town of Leland, as the same may be amended from time to time. The Master Plan is not required to be Recorded. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property from the Master Plan bar its later submission to this Declaration as provided in Article IX.

"Member": A Person subject to membership in the Master Association pursuant to Section 6.2.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage; and the term "Mortgagor" shall refer to any Person who gives a Mortgage.

"Neighborhood": A group of Units specifically designated by Declarant as a separate Neighborhood pursuant to Section 6.4 for purposes of sharing Limited Common Areas and/or receiving other benefits or services from the Master Association which are not provided to all Units, and/or for the purpose of electing Voting Members. A Neighborhood may be comprised of more than one housing type

and may include noncontiguous parcels of property. If the Master Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Master Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

"Neighborhood Assessments": Assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

"Neighborhood Master Association": A condominium master association or other owners' master association, if any, having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Master Association. Nothing in this Declaration shall require the creation of any Neighborhood Master Associations. The creation of Neighborhood Master Association(s) shall require the consent of the Declarant as provided in Section 10.4.

"Neighborhood Expenses": The actual and estimated expenses which the Master Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

"Owner": One or more Persons who hold the record fee simple title to any Unit, including contract sellers, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

"Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

"Planned Community Act" or "North Carolina Planned Community Act": the North Carolina Planned Community Act, (N.C.G.S. §47F-1-101 et. seq.), as the same may be amended from time to time.

"Private Amenity" or "Private Amenities": Certain real property and any improvements and facilities thereon designated by Declarant and located adjacent to, in the vicinity of, or wholly or partly within Brunswick Forest, which are used for recreational and related purposes and are privately owned and operated by (i) Declarant, (ii) an affiliate of Declarant, or (iii) Persons other than the Master Association who are expressly designated by Declarant in a Recorded writing as having the Private Amenity rights provided in this Declaration. Private Amenities may be maintained on a club membership basis, daily fee, use fee, public, or private basis or otherwise, and may include, without limitation, any golf course(s), marina, beach club, or river club, if any, and all related and supporting facilities and improvements. Notwithstanding anything herein to the contrary, ownership of one or more Units in Brunswick Forest shall not be deemed to imply any right to use or enjoy any Private Amenity.

"Record" "Recording" or "Recorded": The filing of a legal instrument in the Brunswick County, North Carolina land records or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.

"Restrictions and Rules": The initial restrictions and rules set forth in Exhibit "C" as they may be supplemented, modified, and repealed pursuant to Article III.

"Special Assessment": Assessments levied in accordance with Section 8.4.

"Specific Assessment": Assessments levied in accordance with Section 8.5.

"Supplemental Declaration": An instrument Recorded pursuant to the terms of this Declaration which subjects additional property to this Declaration, designates Neighborhoods, and/or creates or imposes additional easements, restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument Declarant records pursuant to Section 6.4(c) which designates Voting Groups.

"Unit": A portion of Brunswick Forest, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to be a single Unit until such time as a Recorded plat subdivides all or a portion of the parcel. Thereafter, the portion encompassed on such plat shall contain the number of Units determined as set forth in the preceding paragraph. Any portion not encompassed on such plat shall continue to be treated in accordance with this paragraph.

Units may be combined or further subdivided, and boundary lines of Units may be changed, only by Recording of a plat or other legal instrument further subdividing or resubdividing the parcel of property (which subdivision shall be subject to such other restrictions as may be set forth in this Declaration or Restrictions and Rules of the Master Association). In the absence of Recording such a legal instrument, ownership of adjacent Units by the same Owner shall not permit such Units to be treated as a single Unit for purposes of voting and assessment, notwithstanding that such Units may be improved with a single dwelling.

"Voting Group": One or more Voting Members who vote on a common slate for election of Board members, as more particularly described in Section 6.4(c) or, if the context so indicates, the group of Members whose Units are represented by such Voting Members.

"Voting Member": The representative selected by the Class "A" Members within each Neighborhood pursuant to Section 6.4(b) to cast the Class "A" votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall also refer to alternate Voting Members acting in the absence of the Voting Member and any Owners authorized personally to cast the votes for their respective Units pursuant to Section 6.4(b).

Article III
Use and Conduct

3.1. Framework for Regulation.

As part of the general plan of development for Brunswick Forest, the Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions that govern Brunswick Forest. Within that framework, the Board and the Members have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology.

Therefore, this Article establishes the initial Restrictions and Rules set forth in Exhibit "C" and provides procedures for modifying and expanding said Restrictions and Rules. This Article is not intended to apply to rules and regulations relating to use and operation of the Common Area which the Board may adopt by resolution pursuant to Section 7.1(c), nor to administrative policies which the Board may adopt to interpret, define, or implement the Restrictions and Rules.

3.2. Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Master Association and its Members, the Board may modify, cancel, limit, create exceptions to, add to or expand the Restrictions and Rules. The Board shall send notice to all Owners concerning any proposed action regarding the Restrictions and Rules at least five (5) business days prior to the Board meeting at which such action is to be considered. Voting Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with subsection (c), unless Voting Members representing more than sixty-seven (67%) of the total Class "A" votes in the Master Association and the Class "B" Member, if any, disapprove such action at a meeting. The Board shall have no obligation to call a meeting of the Voting Members to consider disapproval except upon receipt of a petition of the Voting Members as required for special meetings in the By-Laws. Upon such petition of the Voting Members prior to the effective date of any Board action under this Section 3.2(a), the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(b) Alternatively, Voting Members, representing more than sixty-seven (67%) of the total Class "A" votes in the Master Association at a Master Association meeting duly called for such purpose, may vote to adopt rules that modify, cancel, limit, create exceptions to, add to or expand the Restrictions and Rules then in effect. Such action shall require approval of the Class "B" Member, if any.

(c) Prior to any action taken under this Section becoming effective, the Board shall send a copy of the new rule or explanation of any changes to the Restrictions and Rules to each Owner. The effective date shall be not less than thirty (30) days following distribution to Owners. The Master Association shall provide, without cost, a copy of the Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(d) No action taken under this Article shall have the effect of modifying, repealing or expanding the Architectural Design Standards or any provision of this Declaration other than the initial Restrictions and Rules set forth in Exhibit "C." In the event of a conflict between the Architectural Design Standards and the Restrictions and Rules, the Architectural Design Standards shall control.

(e) The procedures required under this Section 3.2 shall not apply to the enactment and enforcement of administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times.

3.3. Owners' Acknowledgement and Notice to Purchasers.

All Owners are given notice that use of their Units and the Common Area is limited by the Restrictions and Rules as modified from time to time. By acceptance of a deed, each Owner

acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Restrictions and Rules may change from time to time. All purchasers of Units are on notice that the Master Association may have adopted changes. Copies of the current Restrictions and Rules may be obtained from the Master Association.

3.4. Protection of Owners and Others.

Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Restrictions and Rules set forth in Exhibit "C," all Restrictions and Rules shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; however, the Restrictions and Rules may vary by Neighborhood.

(b) Displays; Political Signs; Flags. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed inside dwellings located in single-family residential neighborhoods shall not be abridged, except that the Master Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling.

The ARC (as defined in Section 4.2), shall have the authority to approve all signs to be erected on Units (other than interior dwellings) prior to installation and may impose size limits and other reasonable restrictions. No advertising signs or billboards or other advertising structure(s) of any kind shall be erected on any Unit or displayed to the public on any Unit subject to these restrictions without prior written approval of the ARC. This covenant shall not apply to signs erected by the DECLARANT, including signs used to identify and advertise the Properties as a whole. DECLARANT or ARC has the right to enter upon any Unit and remove any unapproved sign(s). Without limiting the foregoing, the Master Association shall issue guidelines from time to time outlining Brunswick Forest's policy for the posting of "for sale" signs and similar temporary signs by or upon any Unit (which policy shall include the permitted dimensions and appearance of such signs and may even prohibit such signs altogether).

Notwithstanding anything to the contrary in the foregoing paragraph, and except as otherwise permitted by law, no rules shall regulate the content of political signs within Brunswick Forest. To the extent permitted by law, rules may regulate the time, place and manner of posting such signs (including design criteria). With regard to the regulation of political signs, the Master Association, pursuant to both the rule-making authority established under Section 3.2 herein and the provisions of the North Carolina Planned Community Act, the Master Association may (i) prohibit the display of political signs earlier than forty-five (45) days before the day of an election and later than seven (7) days after an election day, and/or (ii) regulate the size and number of political signs that may be placed on a Unit (but only to the extent the Master Association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property). If the local government in which the applicable property is located does not regulate the size and number of political signs on residential property, the Master Association shall permit at least one (1) political sign with the maximum dimensions of 24 inches by 24 inches on a Unit. For the purposes of this paragraph, a "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. The provisions of this grammatical paragraph shall apply to Owners of property who display political signs on property owned exclusively by them and does not apply to Common Area, easements, rights-of-way, or other areas owned by others.

With regard to the regulation of flags, no outdoor statuary, flags or other decorative objects may be placed on any Unit unless it is in compliance with the Governing Documents, including

the Architectural Design Standards. Notwithstanding any other provision herein, the American Flag and/or the North Carolina flag having the maximum dimensions of four feet by six feet (4 feet x 6 feet) may be displayed on an Owner's own Unit. Any flags will be displayed in accordance with traditional rules and patriotic customs set forth in 4 U.S.C. §§5-10, as amended, governing the display and use of the American Flag.

(c) Household Composition. No rule shall interfere with the Owners' freedom to determine the composition of their households, except that, to the extent permitted by law, the Master Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that, to the extent permitted by law, the Master Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Master Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Allocation of Burdens and Benefits. Nothing in this provision shall prevent the Master Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

(f) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Master Association or Board for leasing or transfer of any Unit; provided, the Master Association or the Board may require a minimum lease term of up to twelve (12) months. The Master Association may require that Owners use lease forms approved by the Master Association but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Master Association of administering that lease or transfer.

(g) Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Unit, and shall not apply to subsequent Owners who take title to the Unit after adoption of the rule.

(h) Reasonable Rights to Develop. No rule or action by the Master Association or Board shall unreasonably impede Declarant's right to develop Brunswick Forest.

(i) Interference with Private Amenities. No rule or action by the Master Association shall interfere with the use or operation of any Private Amenity.

The limitations in subsections (a) through (g) of this Section shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XIX.

Article IV
Architecture and Landscaping

4.1. General.

No structure or thing shall be placed, erected, installed, or maintained upon any Unit and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within Brunswick Forest, except in compliance with this Article and the Architectural Design Standards. With regard to the provisions of this Article, the terms, "structures," "buildings" and "improvements" shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, tree house, playhouse, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery, or landscaping.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of Brunswick Forest shall be designed by and built in accordance with the plans and specifications of a licensed architect unless Declarant or its designee otherwise approves in its sole discretion.

This Article shall not apply to Declarant's activities or to the Master Association's activities during the Class "B" Control Period. This Article may not be amended without the prior written consent of Declarant, so long as Declarant owns any portion of or has a right to expand Brunswick Forest pursuant to Section 9.1.

4.2. Architectural Review.

(a) By Declarant. By accepting a deed or other instrument conveying any interest in any portion of Brunswick Forest, each Owner acknowledges that, as the developer of Brunswick Forest and as an owner of portions of Brunswick Forest as well as other real estate within the vicinity of Brunswick Forest, Declarant has a substantial interest in ensuring that the improvements within Brunswick Forest enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in the Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue so long as Declarant owns any portion of Brunswick Forest or any real property adjacent to Brunswick Forest, unless earlier terminated in an instrument the Declarant Records. Declarant may designate one or more Persons to act on its behalf in reviewing applications hereunder.

Declarant hereby delegates its responsibility for administration of the Architectural Design Standards and all other responsibilities described under this Article IV to the Architectural Review

Committee (the "ARC"), the members of which shall be appointed by the Board of Directors. All responsibilities delegated to the ARC herein shall be subject to: (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) Declarant's right to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of the ARC entities shall be limited to such matters as Declarant specifically delegates as provided herein.

(b) Architectural Review Committee. The ARC shall consist of at least three, but not more than seven, persons and shall have exclusive jurisdiction over all construction and improvements described in this Article IV. The members of the ARC shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Master Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, who may be compensated in such manner and amount if any, as the Board may establish.

(c) Fees; Assistance. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. Declarant and the Master Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Master Association's annual operating budget.

4.3. Standards and Procedures.

(a) Architectural Design Standards. The Architectural Design Standards may contain general provisions applicable to all of Brunswick Forest as well as specific provisions which vary from Neighborhood to Neighborhood. The Architectural Design Standards are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Architectural Design Standards are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Design Standards does not guarantee approval of any application.

Declarant may prepare the initial Architectural Design Standards. Declarant shall have sole and full authority to adopt, alter or amend the Architectural Design Standards as long as it owns any portion of or has a right to expand Brunswick Forest pursuant to Section 9.1, notwithstanding a delegation of reviewing authority to the ARC, unless Declarant also delegates the power to amend the Architectural Design Standards to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Design Standards subject to the approval of the Board.

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

The Reviewer shall make the Architectural Design Standards available to Owners and Builders who seek to engage in development or construction within Brunswick Forest. In Declarant's discretion, such Architectural Design Standards may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Design Standards was in effect at any particular time.

(b) Procedures. Except as otherwise specifically provided in the Architectural Design Standards, no activities shall commence on any portion of Brunswick Forest until an application for approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Design Standards and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation or obligation, the following: visual aesthetics, quality of workmanship and design, natural platforms and finish grade elevations; the suitability of the proposed building, improvements, structure, or landscaping and the materials of which it is to be built; the site upon which it is proposed to erect the same, the harmony of external design with surrounding structures and environment; and the effect thereof on the adjacent or neighboring property. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall use good faith efforts to make a determination on each application within thirty (30) days after receipt of a completed application and all required information. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application within thirty (30) days after Reviewer's determination on such application. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond within sixty (60) days after Reviewer's receipt of a completed application and all required information, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Design Standards unless a written variance has been granted pursuant to Section 4.5. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one (1) year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one (1) year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Master Association, Declarant, or any aggrieved Owner.

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

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Design Standards, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

The Reviewer may authorize variances from compliance with any of its standards and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) preclude the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.6. Limitation of Liability.

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

Declarant, the ARC, the Master Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in North Carolina; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Master Association shall indemnify the Board, the ARC, and the members of each as provided in Section 7.7.

4.7. Certificate of Compliance.

Any Owner may request that ARC issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Design Standards. The Master Association, acting through the ARC, shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Master Association from taking enforcement action with respect to any condition as to which the Master Association had notice as of the date of such certificate.

4.8 Enforcement.

(a) Once construction has been initiated on a Unit, the Owner thereof must complete such construction within one (1) year. If an Owner does not comply with such schedule, then Declarant, and/or the Master Association shall have the right (but not the obligation) to complete such construction on Owner's behalf and at such Owner's expense. In the event the Declarant or the Master Association exercises the right provided in the immediately preceding sentence, then the Declarant or the Master Association (as the case may be) shall be entitled to collect from such Owner, in addition to a reimbursement of all costs expended in the completion of construction of the Unit, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in completing the work. Any and all of the foregoing costs and fees that may be incurred by or payable to Declarant or the Master Association shall be a charge and continuing lien upon such Unit until paid, and Declarant, the Board and/or the Master Association may bring an action against such Owner, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount owed.

(b) Any structure or improvement placed or made in violation of this Article or the Architectural Design Standards shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, then Declarant, the Board, and the Master Association shall each have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit's Owner and the benefited Unit and collected as a Specific Assessment pursuant to Section 8.5. In the event the Declarant, the Board and/or the Master Association exercises any right provided hereto in this Section 4.8(b), then Declarant, the Board and/or the Master Association (as the case may be) shall be entitled to collect from the relevant Owner, in addition to a reimbursement of all costs expended in the removal of the violation and/or the restoration of the property, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in performing the work.

(c) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Architectural Design Standards may be prohibited by the Board from entering and conducting any activities within Brunswick Forest. In such event, neither the Master Association, nor its officers or its directors shall be held liable to any Person for exercising the rights granted by this subsection.

(d) The Master Association shall have the authority to establish and levy fines for violations of this Article and the Architectural Design Standards, including fines for continuing violations thereof. The fine amounts may be deducted from any bond posted. If the fines are not paid, the Master Association may levy a Specific Assessment in accordance with the provisions of Section 8.5.

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

(f) The terms and conditions of this Section 4.8 shall not apply to Declarant or any affiliate of Declarant or to any property within Brunswick Forest owned by Declarant or any affiliate of Declarant.

4.9. Obligation to Diligently Pursue Construction: Reservation of Option to Purchase.

Declarant reserves the right to require the commencement of construction within a certain amount of time following the date after the Recordation of a deed from Declarant or an affiliate of Declarant to a party other than Declarant or an affiliate of Declarant (each such Recordation being referred to herein as a "Declarant Conveyance"). In addition, Declarant reserves the right and the option to: (a) designate appropriate time periods for construction (which time periods may vary within the phases and/or Neighborhoods of Brunswick Forest); and (b) establish procedures by which Declarant and/or the Master Association may repurchase any Unit from any Owner who does not commence construction within the specified time period. Declarant may establish such time periods and repurchase options by Supplemental Declaration at the time the property to which such rules shall apply is first annexed into Brunswick Forest or at any later date (provided that, if such restrictions are imposed after annexation, the owner of the property, if other than Declarant, shall be required to consent to such terms and conditions in order to make them effective as to said property).

Article V
Maintenance and Repair

5.1. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Master Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

Unless otherwise directed by the Declarant or the Master Association, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Area of Common Responsibility or public right-of-way lying between the Unit boundary and any wall, fence or curb located on an Area of Common Responsibility or public right-of-way within ten (10) feet of the Unit boundary; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

Unless otherwise directed by the Declarant or the Master Association, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Area of Common Responsibility lying between the Unit boundary and any lakes, ponds or streams located on an Area of Common Responsibility within ten (10) feet of the Unit boundary; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV, and such maintenance shall comply with any applicable permits or Restrictions and Rules.

5.2. Maintenance of Neighborhood Property.

Any Neighborhood Master Association shall maintain its common property and any property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants.

Any Neighborhood Master Association shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way, lying between the boundary of its common property and any wall, fence, or curb located on the Common Area or public

right-of-way within ten (10) feet of its boundary; provided, there shall be no right, to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

Upon resolution of the Board, Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way, and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Master Association; provided, all Neighborhoods which are similarly situated shall be treated in a non-discriminatory manner.

The Master Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the Board's opinion, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Master Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Neighborhood Master Association (if any) for the Neighborhood in which the Unit is located or the Master Association carries such insurance (which they may, but are not obligated to do hereunder). If the Master Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

This Section shall apply to any Neighborhood Master Association responsible for common property within the Neighborhood in the same manner as if the Neighborhood Master Association was an Owner and the common property was a Unit. Additional Recorded covenants applicable to any Neighborhood may establish more stringent requirements for maintenance, uses and/or insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such Neighborhood and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

Article VI
The Master Association and its Members

6.1. Function of Master Association.

The Master Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Master Association also is the primary entity responsible for enforcement of the Governing Documents. The Master Association shall perform its functions in accordance with the Governing Documents and North Carolina law.

6.2. Membership.

Every Owner shall be a Member of the Master Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(c) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Master Association.

Membership in the Master Association shall inure automatically to Owners upon acquisition of the fee simple title to any one or more Units. The date of Recordation in the Office of the Register of Deeds of Brunswick County of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy or the date of probate of the will in the case of testacy. Until a decedent's will is probated, the Master Association may rely on the presumption that a deceased Owner died intestate.

6.3. Voting.

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

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit. No Class "A" vote shall be exercised for any property that is exempt from assessment under Section 8.10. All Class "A" votes shall be cast as provided in Section 6.3(c).

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member may appoint the members of the Board of Directors during the Class "B" Control Period, as specified in the By-Laws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in the By-Laws.

The Class "B" membership shall terminate upon the earlier of:

(i) two years after expiration of the Class "B" Control Period pursuant to Article I herein; or

(ii) when, in its discretion, Declarant so determines and declares in a Recorded instrument.

The Class "B" Member shall be entitled to three (3) votes for: (a) each Unit within Brunswick Forest which is owned by Declarant, and (b) to the extent not already included within the foregoing item (a), each residential unit which is permitted by the Master Plan to be constructed on any property described on Exhibits "A" and/or "B". Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

In recognition of the different character and intended use of the property subject to such Supplemental Declaration, Declarant may, by Supplemental Declaration, create additional classes of membership for the owners of Units within any property made subject to this Declaration pursuant to Article IX. These classes shall have such rights, privileges and obligations as specified in such Supplemental Declaration.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" Member shall be exercised by the Voting Member representing the Neighborhood, as provided in Section 6.4(b). The Voting Member may cast all such votes as it, in its discretion, deems appropriate.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Master Association's Secretary in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

6.4. Neighborhoods, Voting Members, and Voting Groups.

(a) Neighborhoods. Any Neighborhood, acting either through a Neighborhood Committee elected as provided in the By-Laws or through a Neighborhood Master Association, if any, may request that the Master Association provide a higher level of service than which the Master Association generally provides to all Neighborhoods or may request that the Master Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Master Association shall provide the requested services unless the provision of such services is deemed unreasonable or impractical by the Board.

The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment.

If Declarant intends to designate a Neighborhood within Brunswick Forest, Declarant shall, by Supplemental Declaration, assign the designated property to a specific Neighborhood (by name or other identifying designation). Such Neighborhood may be then existing or newly created by Declarant. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to designate or redesignate Neighborhood boundaries. However, two or more existing Neighborhoods shall not be combined without the consent of Owners of a majority of the Units in the affected Neighborhoods.

(b) Voting Members. Each Neighborhood shall elect a Voting Member who shall be responsible for casting all votes attributable to Units owned by Class "A" Members in the Neighborhood on all Master Association matters requiring a membership vote, except as otherwise specified in this Declaration or the By-Laws. In addition, each Neighborhood shall elect an alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member.

The first election of a Voting Member and alternate Voting Member from each Neighborhood shall occur within one year after the sale of the first Unit in the Neighborhood to a Person other than a Builder. Thereafter, the Board shall call for an election of Voting Members and alternates on an annual basis, either by written ballots cast by mail, computer, or at a meeting of the Class "A" Members within such Neighborhood, as the Board determines. Upon written petition signed by Class "A" Members holding at least 10% of the votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. Candidates for election as Voting Members may be nominated by the Board, a nominating committee which the Board may appoint, or from the floor at any meeting at which such election is to be held.

The presence, in person or by proxy, or the filing of ballots by Class "A" Members representing at least 25% of the total Class "A" votes attributable to Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting or election. In the event of a failure to obtain a quorum or vacancy in such positions for any Neighborhood, the Board may appoint a Voting Member or alternate Voting Member to represent such Neighborhood until a successor is elected.

For any Neighborhood election, each Class "A" Member shall be entitled to one equal vote for each Unit such Owner owns in the Neighborhood. The candidate who receives the greatest number of votes shall be elected as Voting Member and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Member. The Voting Member and the alternate Voting Member shall serve a term of one year and until their successors are elected.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Neighborhood the Voting Member represents.

Until such time as the Board first calls for election of a Voting Member for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

(c) Voting Groups. Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid some Voting Members being able to elect the entire Board due to the number of Units in such Neighborhoods. Following termination of the Class "B" Control Period, the number of Voting Groups within Brunswick Forest shall not exceed the total number of directors to be elected by the Class "A" Members pursuant to the By-Laws.

The Voting Members representing the Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board. Each Voting Group is entitled to elect the number of directors specified in the By-Laws.

Diagram 6.1 illustrates an example of how Voting Members and Voting Groups might elect the Board of Directors after expiration of the Class "B" Control Period. The number of directors (five) and

Voting Groups (three) shown in the illustration are for demonstrative purposes only; the actual number may be different.

Brunswick Forest Master Association, Inc.

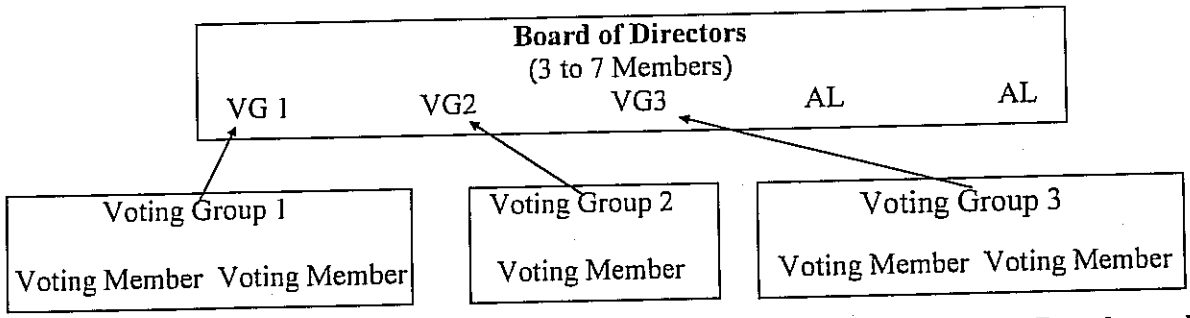

Diagram 6.1 – Association Organizational Structure. "AL" indicates "at-large" Board members.

Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Class "B" Control Period by filing with the Master Association and Recording a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Units within each Voting Group can easily be determined. Such designation may be amended from time to time by Declarant, acting alone, at any time prior to the expiration of the Class "B" Control Period.

After Declarant's right to expand Brunswick Forest expires pursuant to Article IX, the Board shall have the right to Record or amend such Supplemental Declaration upon the vote of a majority of the total number of directors mid approval of Voting Members representing a majority of the total number of Neighborhoods and a majority of the total Class "A" votes in the Master Association. Neither Recordation nor amendment of such Supplemental Declaration by Declarant shall constitute an amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this paragraph. Until such time as Voting Groups are established, all of Brunswick Forest shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been Recorded, any and all portions of Brunswick Forest which are not assigned to a specific Voting Group shall constitute a single Voting Group.

Article VII
Master Association Powers and Responsibilities

7.1. Acceptance and Control of Master Association Property.

(a) The Master Association may acquire, hold, lease (as lessor or lessee), operate, and dispose of tangible and intangible personal property and real property (including, without limitation, the Common Area), subject to the provisions of the Governing Documents and Article XVIII herein. The Master Association may enter into leases, licenses or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by community organizations and by others, whether nonprofit or for profit, for the provision of goods or services for the general benefit or convenience of owners, occupants, and residents of Brunswick Forest.

(b) Declarant and its designees may convey to the Master Association personal property or fee title, leasehold or other property interests in any real property, improved or unimproved, described in Exhibit "A" or Exhibit "B." Such property shall be accepted by the Master Association and thereafter shall be maintained by the Master Association at its expense for the benefit of the Members. Upon Declarant's written request, the Master Association shall reconvey to Declarant any unimproved portions of the Common Area which Declarant previously conveyed to the Master Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

(c) The Master Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Master Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

7.2. Maintenance of Area of Common Responsibility.

The Master Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all portions of and structures situated on the Common Area;

(b) landscaping within public rights-of-way within or abutting Brunswick Forest (to the extent not maintained by governmental authorities or as the Board may determine);

(c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any Cost Sharing Agreement, or any contract or agreement for maintenance thereof entered into by the Master Association;

(d) all ponds, streams, and/or wetlands located within Brunswick Forest which serve as part of the stormwater drainage system for Brunswick Forest, including improvements and equipment installed therein or used in connection therewith; and

(e) any property and facilities which Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Master Association and its Members. Such property and facilities shall be identified by written notice from Declarant to the Master Association and will remain part of the Area of Common Responsibility maintained by the Master Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Master Association.

The Master Association may maintain other property it does not own, including, without limitation, property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Master Association shall not be liable for any damage or injury occurring on or arising out of the condition of property it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Master Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Voting Members representing 75% of

the Class "A" votes in the Master Association and the Class "B" Member, if any, agree in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced except with Declarant's prior written approval as long as Declarant owns any property described in Exhibit "A" or Exhibit "B."

The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Master Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any Cost Sharing Agreement, other Recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair, and replacement of Limited Common Areas shall be a Neighborhood Expense assessed to the Neighborhood(s) to which the Limited Common Areas are assigned, notwithstanding that the Master Association may be responsible for performing such maintenance hereunder.

7.3. Assignment to Master Association.

Declarant shall be entitled to assign all water, sewer, land use, stormwater system and utility permits, agreements and easements between Declarant and any governmental agency or department or public or private utility company to the Master Association, in which case the Master Association shall be required to assume same. After such an assignment, the Master Association shall be responsible for and assume all duties, obligations, and rights and privileges of the Declarant under such permits, agreements and easements, including all maintenance responsibility, even if part of the water, sewer, land use, stormwater system or utility areas covered by the permits, agreements and easements are not located within Brunswick Forest.

7.4. Insurance.

The Master Association shall maintain all insurance coverage which it is required by law (including without limitation, the North Carolina Planned Community Act) to provide.

7.5. Compliance and Enforcement.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents, provided that, as and to the extent required by law or the By-Laws, the Owner or occupant shall be entitled to notice and a hearing in connection with such sanction. Such sanctions may include, without limitation:

(i) imposing reasonable charges for the late payment of assessments, which charges shall constitute a lien upon the violator's Unit, as provided in Section 8.9;

(ii) imposing reasonable monetary fines for other violations of the Governing Documents, which shall constitute a lien upon the violator's Unit, as provided in Section 8.9. Except as may be permitted by the Governing Documents and by law, no such fine shall not exceed One Hundred Dollars ($100.00) per violation; provided, however, if such violation is not remedied within five (5) days after the decision to levy the fine, then, beginning on the sixth (6th) day after the decision to levy the fine, additional fines of One Hundred Dollars ($100.00) per day may be levied by the Master Association, without further hearing, for each day that the violation continues. In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed as provided herein, the Master Association shall first seek to assess such fine against the violator; provided, however, if the fine is not

paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(iii) suspending an Owner's right to vote;

(iv) suspending any services or privileges provided by the Master Association (except for rights to access a Unit), including but not limited to the suspension of a Person's right to use any recreational facilities within the Common Area, for reasonable periods for violations of the Declaration, By-laws, and Restrictions and Rules;

(v) suspending any services or privileges (as described in the immediately preceding subsection) provided by the Master Association to an Owner or the Owner's Unit during any period that assessments or other amounts due and owing to the Master Association remain unpaid for a period of thirty (30) days or longer;

(vi) to the extent permitted by law, exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(vii) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(viii) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Design Standards from continuing or performing any further activities in Brunswick Forest;

(ix) levying Specific Assessments to cover costs incurred by the Master Association to bring a Unit into compliance with the Governing Documents;

(x) filing liens with the Brunswick County Clerk of Superior Court and/or the Brunswick County Register of Deeds for nonpayment of assessments or fees; and

(xi) filing notices of violations with the Brunswick County Clerk of Superior Court and/or the Brunswick County Register of Deeds providing record notice of any violation of the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:

(i) to the extent permitted by law, exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or

(ii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Master Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Master Association against the Unit and the Owner as a Specific Assessment. If a Neighborhood Master Association fails to perform its maintenance responsibilities, the Master Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency situation, the Master Association shall provide the Owner or Neighborhood Master Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Master Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Master Association's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Master Association's resources; or

(iv) that it is not in the Master Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Master Association's right to enforce such provision at a later time under other circumstances or preclude the Master Association from enforcing any other covenant, restriction, or rule.

(c) The Master Association, by contract or other agreement, may enforce applicable city and county ordinances and permit Brunswick County or any municipality having jurisdiction to enforce ordinances within Brunswick Forest for the benefit of the Master Association and its Members.

7.6. Implied Rights; Board Authority.

The Master Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Master Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Master Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other

civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Master Association or its Members.

In exercising the rights and powers of the Master Association, making decisions on behalf of the Master Association, and conducting the Master Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.7. Indemnification of Officers, Directors, and Others.

Subject to North Carolina law, the Master Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under the Articles of Incorporation and North Carolina law.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Master Association (except to the extent that such officers or directors may also be Members of the Master Association).

The Master Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Master Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.8. Safety and Security.

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

NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO BRUNSWICK FOREST, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES AND UNDERSTANDS THAT THE MASTER ASSOCIATION, ITS BOARD AND COMMITTEES, AND DECLARANT ARE NOT INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN BRUNSWICK FOREST ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING UNITS AND

THE CONTENTS OF UNITS, RESULTING FROM ACTS OF THIRD PARTIES. EACH OWNER SHALL BE RESPONSIBLE FOR INFORMING ITS TENANTS AND ALL OCCUPANTS OF ITS UNIT OF THE FOREGOING.

7.9. Powers of the Master Association Relating to Neighborhood Master Associations.

The Master Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Master Association which the Board reasonably determines to be adverse to the interests of the Master Association or its Members or inconsistent with the Community-Wide Standard. The Master Association also shall have the power to require specific action to be taken by any Neighborhood Master Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefore.

A Neighborhood Master Association shall take appropriate action required by the Master Association in a written notice within the reasonable time frame set by the Master Association in the notice. If the Neighborhood Master Association fails to comply, the Master Association shall have the right to effect such action on behalf of the Neighborhood Master Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions as and to the extent permitted by the North Carolina Planned Community Act.

7.10. Provision of Services.

The Master Association may provide, or provide for, services and facilities for the Members and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Master Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, such services and facilities might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Master Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Units as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.11. Relationships with Other Properties.

The Master Association may enter into contractual agreements or covenants to share costs with any neighboring property or Private Amenity to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.12. Facilities and Services Open to the Public; Inter-connectivity Disclosure.

Certain facilities and areas within Brunswick Forest may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: schools, greenbelts, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant

makes such facilities and areas a part of the Area of Common Responsibility or the Board may so designate at any time thereafter.

In addition, governmental authorities may from time to time require that certain roads and/or streets within Brunswick Forest be connected to other public and/or private roads and thoroughfares located upon or serving other subdivisions or communities in the vicinity of Brunswick Forest. By acceptance, occupancy or enjoyment of any property located within Brunswick Forest, each Owner, on behalf of itself and any parties claiming through said Owner (including, without limitation, tenants, licensees and invitees), hereby (i) acknowledges that such inter-connectivity may increase or otherwise affect the flow of traffic within Brunswick Forest and (ii) waives any claims against Declarant or the Master Association relating to such inter-connectivity and/or any resulting increase or modification in traffic flow or patterns within Brunswick Forest.

7.13. Governmental Interests.

Declarant hereby discloses to all Owners and potential owners, tenants, licensees and invitees of property within Brunswick Forest that Declarant reserves the right (but shall have no obligation) to designate property owned by Declarant or any affiliate of Declarant for use and/or ownership by or for the benefit of fire departments, police stations, utility facilities, public schools, parks, streets and/or other public or quasi-public facilities. By acceptance, occupancy or enjoyment of any property located within Brunswick Forest, each Owner, on behalf of itself and any parties claiming through said Owner (including, without limitation, tenants, licensees and invitees), hereby waives any claims against Declarant or the Master Association relating to any such uses.

Article VIII
Master Association Finances

8.1. Budgeting and Allocating Common Expenses; Base Assessments.

At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of applicable assessments against the Units, as authorized in Section 8.7.

The Master Association is authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.7 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy [in addition to any amounts paid by Declarant under Section 8.8(b)], which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Master Association and Declarant.

The Board shall send a summary of the final budget, together with a notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner within thirty (30) days after the

Board adopts such budget. With such summary, the Board shall provide to each Owner a written notice of the meeting of the Owners at which the ratification of the budget will be considered. Notwithstanding any provisions to the contrary in the Governing Documents, there shall be no requirement that a quorum be present at the meeting described herein; and the notice of said meeting shall include a statement that the budget may be ratified at such meeting without a quorum. The meeting of the Owners to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice referenced in this paragraph. The budget shall automatically be deemed ratified and become effective unless disapproved at such meeting by Members representing at least 75% of the total Class "A" votes in the Master Association and by the Class "B" Member, if such exists.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

8.2. Budgeting and Allocating Neighborhood Expenses; Neighborhood Assessments.

At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood have approved pursuant to Section 6.4(a) and any contribution to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount required to be generated through the levy of Neighborhood and Special Assessments against the Units in such Neighborhood.

The Master Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under this Article to fund Neighborhood Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall send a summary of the final Neighborhood budget, together with a notice of the amount of the Neighborhood Assessment to be levied pursuant to such budget, to each Owner to which such Neighborhood Assessment applies, within thirty (30) days after the Board adopts such budget. With such summary, the Board shall provide to each such Owner a written notice of the meeting of the Owners at which the ratification of the Neighborhood budget will be considered. Such notice shall include a statement that the budget may be ratified at such meeting without a quorum. The meeting of the Owners to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice referenced in this paragraph. The budget shall automatically become effective unless disapproved at such meeting by Members representing at least 75% of the total Class "A" votes to which the Neighborhood budget applies and by the Class "B" Member, if such exists.

If the proposed budget for any Neighborhood is disapproved or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Units in the affected Neighborhood to disapprove the revised budget as set forth above.

All amounts the Master Association collects as Neighborhood Assessments shall be held in trust for and expended solely for the benefit of the Neighborhood for which they were collected and shall be accounted for separately from the Master Association's general funds.

8.3. Budgeting for Reserves.

The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility and for each Neighborhood for which the Master Association maintains capital items as a Neighborhood Expense. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1 or the Neighborhood Expense budgets adopted pursuant to Section 8.2, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period.

8.4. Special Assessments.

In addition to other authorized assessments, the Master Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. The Board may establish the amount of the Special Assessment if it is One Hundred Dollars ($100.00) or less in any assessment year for each Member. Except as otherwise specifically provided herein, any Special Assessment shall require the affirmative vote or written consent of Voting Members (if a Common Expense) or Owners (if a Neighborhood Expense) representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Specific Assessments.

The Master Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Master Association (which might include the items identified in Section 7.10). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided that, to the extent required by

law or the By-Laws, the Board shall give the Unit Owner prior notice and an opportunity for a hearing before levying any Specific Assessment under this subsection.

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

The Master Association may also levy a Specific Assessment against the Units within any Neighborhood to reimburse the Master Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Voting Member representing, the Neighborhood and an opportunity for such Owners or Voting Member to be heard before levying any such assessment.

8.6. Service Assessments.

The Master Association shall have the power to levy Service Assessments against a particular Unit or Units constituting less than all Units (and/or against a particular Neighborhood or Neighborhoods constituting less than all Neighborhoods) within Brunswick Forest to cover the costs, including overhead and administrative costs, of providing specialized maintenance and/or landscaping services to such Units and/or Neighborhoods and the occupants thereof. Such assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner. Notwithstanding the foregoing to the contrary, the fact that the Master Association levies a Service Assessment shall not be deemed to impose any obligation upon the Master Association to (i) monitor the quality of work or services being provided, (ii) assume any responsibility for the quality of work or services provided, (iii) ensure the structural integrity or soundness of any construction or modifications provided or (iv) ensure compliance with building codes and other governmental requirements relating to the work or services provided.

8.7. Authority to Assess Owners; Time of Payment; Grace Period for Certain Builders.

(a) Declarant hereby establishes and the Master Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration; or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

(b) Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

(c) Notwithstanding anything to the contrary in this Article VIII, any Builder who purchases property subject to this Declaration directly from the Declarant shall not be required to pay any Base Assessments, Neighborhood Assessments or Special Assessments relative to such property acquired from Declarant for a period beginning on the date such property is acquired from Declarant (each, an

"Acquisition Date") and ending on the date that is two hundred forty (240) days after the Acquisition Date; provided, however, in the event any portion(s) of such property are subsequently conveyed by Builder to any other party prior to the 240th day after the Acquisition Date, then the grace period described in this Section 8.7(c) shall automatically and immediately terminate as to any portion(s) of the property conveyed by the Builder as of the date of such conveyance, and the grantee of such conveyance shall thenceforth be subject to full assessment under this Article VIII.

8.8. Obligation for Assessments.

(a) Personal Obligation. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of Brunswick Forest, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of North Carolina law), late charges as determined by Board resolution (subject to the limitations of North Carolina law), costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

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

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Master Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by a Master Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Master Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy its obligation for assessments on Units which it owns either by either: (i) paying such assessments in the same manner as any other Owner; (ii) by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Master Association during the fiscal year; or (iii) paying one-half of the assessments for an unimproved Unit for all Units which are platted and Recorded but which have not yet been sold to an Owner other than Declarant or a Builder. Unless Declarant otherwise notifies the Board in writing at least forty-five (45) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year.

Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After

termination of the Class "B" Control Period, Declarant shall pay assessments on its unsold Units in the same manner as any other Owner.

8.9. Lien for Assessments.

(a) The Master Association shall have a lien against each Unit including Declarant's to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens except (i) liens and encumbrances (specifically including, but not limited to, a Recorded Mortgage on the Unit made in good faith and for value) recorded before the docketing of the claim of lien in the office of the Brunswick County clerk of superior court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Unit which applicable law would require to be superior. This subsection does not affect the priority of mechanics' or materialmen's liens. Subject to applicable law and the terms and conditions of this Declaration, such lien, when delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure.

(b) Any assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Unit when a claim of lien is filed of record in the office of the clerk of superior court of Brunswick County. To the extent permitted by law, fees, charges, late charges, and other charges imposed pursuant to this Declaration or North Carolina law are enforceable as assessments under this Article.

(c) The Master Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes; provided, however:

(i) The Master Association may not foreclose an assessment lien under Article 2A of Chapter 45 of the General Statutes if the debt securing the lien consists solely of fines imposed by the Master Association, interest on unpaid fines, or attorneys' fees incurred by the Master Association solely associated with fines imposed by the Master Association (provided that the Master Association shall be entitled to enforce such lien by judicial foreclosure as provided in Article 29A of Chapter 1 of the General Statutes); and

(ii) The Master Association shall not levy, charge, or attempt to collect a service, collection, consulting, or administration fee from any Owner unless the fee is expressly allowed in this Declaration. Any lien securing a debt consisting solely of these fees may only be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the General Statutes.

(d) A claim of lien by the Master Association shall set forth the name and address of the Master Association, the name of the record owner of the Unit at the time the claim of lien is filed, a description of the Unit, and the amount of the lien claimed.

(e) The Master Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Master Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Master Association. The Master Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

(f) Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, where the holder of a first Mortgage or first deed of trust of record, or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first Mortgage or first deed of trust, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Unit Owners including such purchaser, its heirs, successors, and assigns.

8.10. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

(a) All Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;

(b) Any property dedicated to and accepted by any governmental authority or public utility;

(c) Any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment hereunder (in which case the Unit shall not be exempted from assessment);

(d) Any property owned by any Neighborhood Master Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Master Association as tenants-in-common; and

(e) Any property designated by Declarant for use as a sales office or model unit (provided that Declarant shall be entitled to terminate any such sales office or model unit exemption in the event such property is no longer used for such purposes).

In addition, Declarant and/or the Master Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.11. Capitalization of Master Association.

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Master Association in an amount equal to two hundred fifty and no/dollars ($250.00) per Unit. This amount shall be in addition to, not in lieu of, the annual Base Assessment and any applicable Neighborhood Assessments and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Master Association for use in covering operating expenses and other expenses incurred by the Master Association pursuant to this Declaration and the By-Laws.

8.12. Community Enhancement Fee.

(a) Authority. The Board shall have the authority, on behalf of the Master Association, to establish and collect a transfer fee from the transferring Owner upon each transfer of title to a Unit in Brunswick Forest, which fee shall be payable to the Master Association at the closing of the transfer and

shall be secured by the Master Association's lien for assessments under Section 8.9. Owner shall notify the Master Association's Secretary of a pending title transfer at least seven days prior to the transfer. Such notice shall include the name of the buyer, the date, of title transfer, and such other information as the Board may reasonably require.

(b) Fee Limit. The Board shall have the sole discretion to determine the amount and method of determining any such transfer fee. The Board is authorized, but not required, to determine the transfer fee based upon a sliding scale which varies in accordance with the "gross selling price" of the property or any other factor as determined by the Board. However, in no event shall any such transfer fee exceed one percent (1%) of the gross selling price of the property. For the purpose of determining the amount of the transfer fee, the gross selling price shall be the total cost to the purchaser of the property, excluding taxes and title transfer fees as shown by the amount of tax imposed by Brunswick County.

(c) Purpose. All transfer fees which the Master Association collects shall be deposited into a segregated account used for such purposes as the Board deems beneficial to the general good and welfare of Brunswick Forest, which the Governing Documents do not otherwise require to be addressed by the Master Association's general operating budget. By way of example and not limitation, such transfer fees might be used to assist the Master Association or one or more tax-exempt entities in funding:

(i) preservation and maintenance of natural areas, wildlife preserves, or similar conservation areas, and sponsorship of educational programs and activities which contribute to the overall understanding, appreciation and preservation of the natural environment at Brunswick Forest;

(ii) programs and activities which serve to promote a sense of community within Brunswick Forest, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, a community computer network, and recycling programs; and

(iii) social services, community outreach programs, and other charitable causes.

(d) Exempt Transfers. Notwithstanding the above, no transfer fee shall be levied upon transfer of title to a Unit:

(i) by or to Declarant;

(ii) by a Builder who held title solely for purposes of development and resale;

(iii) by a co-owner to any Person who was a co-owner immediately prior to such transfer;

(iv) to the Owner's estate, surviving spouse or child upon the death of the Owner;

(v) to an entity wholly owned by the grantor (provided, upon any subsequent transfer of an ownership interest in such entity, the transfer fee shall become due); or

(vi) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage.

8.13. Surplus Funds.

Notwithstanding the provisions of N.C.G.S. §47F-3-114, any surplus funds of the Master Association remaining after payment of or provision for Common Expenses shall be applied to reserves

or other future expenses as the Board deems appropriate.

Article IX
Expansion of the Community

9.1. Expansion by Declarant.

From time to time, Declarant may subject to the provisions of this Declaration all or any portion of the property described in Exhibit "B" by Recording a Supplemental Declaration describing the additional property to be subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to expand Brunswick Forest pursuant to this Section shall expire when all property described in Exhibit "B" has been subjected to this Declaration or 40 years after this Declaration is Recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or Exhibit "B." Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Expansion by the Master Association.

The Master Association may also subject additional property to the provisions of this Declaration by Recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Voting Members representing not less than sixty-seven (67%) of the Class "A" votes of the Master Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Master Association's President and Secretary, the owner of the property, and Declarant, if Declarant's consent is necessary, shall sign the Supplemental Declaration.

9.3. Additional Covenants and Easements.

As long as Declarant owns any of the real property described on Exhibit "A" or Exhibit "B," Declarant may subject any portion of Brunswick Forest to additional covenants and easements, including covenants obligating the Master Association to maintain and insure such property and authorizing the Master Association to recover its costs through Neighborhood Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. Except in cases under which the Declarant is exercising any right specifically reserved in this Declaration, if any Person other than Declarant owns the property, then the consent of the owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Master Association and assessment liability in accordance with the provisions of this Declaration.

Article X
Additional Rights Reserved to Declarant.

10.1. Withdrawal of Property.

Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 9.1, for the purpose of removing any portion of Brunswick Forest which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Units then subject to the Declaration by more than ten percent (10%). Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant.

10.2. Marketing and Sales Activities.

Declarant may construct and maintain upon portions of the Common Area such facilities and activities as, in Declarant's sole opinion may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant shall have easements for access to and use of such facilities at no charge.

10.3. Right to Develop.

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Every Person that acquires any interest in Brunswick Forest acknowledges that Brunswick Forest is all or part of a master planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge, or otherwise object to (a) changes in uses or density of property outside any Neighborhood in which such Person holds an interest; or (b) changes in the Master Plan as it relates to property outside any Neighborhood in which such Person holds an interest.

10.4. Right to Approve Additional Covenants and Associations.

No Person shall Record any declaration of covenants, conditions and restrictions, declaration of condominium, amendment thereto, or any similar instrument affecting any portion of Brunswick Forest without Declarant's review and written consent. Any attempted Recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant. The terms and conditions of this Section 10.4 shall specifically apply to (but not be limited to) any Neighborhood of Brunswick Forest.

The creation of any Neighborhood Master Association having jurisdiction over any portion of Brunswick Forest shall require the prior written consent of the Declarant.

10.5. Right to Approve Changes in Brunswick Forest Standards.

No amendment to or modification of any Restrictions and Rules or Architectural Design Standards shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.6. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument Declarant signs and Records. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7. Exclusive Rights To Use Name of Development.

No Person shall use the name "Brunswick Forest" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Brunswick Forest" in printed or promotional matter where such term is used solely to specify that particular property is located within Brunswick Forest and the Master Association shall be entitled to use the words "Brunswick Forest" in its name.

10.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Brunswick Forest, including Units, and a perpetual nonexclusive easement of access throughout Brunswick Forest to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

10.9. Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Brunswick Forest in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

10.10 Termination of Rights.

The rights contained in this Article shall not terminate until the earlier of: (a) 40 years from the date this Declaration is Recorded; or (b) Recording by Declarant of a written statement that all sales activity has ceased.

10.11 Stormwater Permits.

Declarant reserves the right to impose additional restrictions upon the Property as and to the extent required by the terms of any stormwater permit applicable to Brunswick Forest or any portion thereof issued by the State of North Carolina. Such additional restrictions may be imposed by Declarant by the recording of a Supplemental Declaration, and no joinder or consent of the Master Association or any other owner or person shall be required for such Supplemental Declaration.

Declarant further reserves the right, in its sole discretion, as state stormwater permits are modified, to recalculate and redesignate maximum built upon areas as set forth in Paragraph 5(g) of Exhibit "C" to this Declaration, provided such recalculations and redesignations are in accordance with state stormwater permits applicable to Brunswick Forest. In addition, if any property as finally constructed does not use its allocated built upon area, Declarant shall have the sole right to reclaim such excess allotment and reallocate it to remaining properties in its sole discretion.

No party shall apply for or obtain any stormwater permit applicable to any portion of Brunswick Forest without the prior written consent of Declarant (which may be granted or withheld in Declarant's sole and absolute discretion). Except in the specific event of Declarant's consent (if applicable) in accordance with the foregoing sentence, it is the intent of Declarant and this Declaration that all such permits are to be in the name of Declarant until such time as Declarant elects to assign them to the Master Association as provided herein.

Article XI
Easements

11.1. Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) The Governing Documents and any other applicable covenants;

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

(c) The Board's right to:

(i) adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;

(ii) suspend an Owner's right to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent; and (B) for a period not to exceed thirty (30) days for a single violation (or for a longer period in the case of any continuing violation) of the Governing Documents (subject to any applicable notice and hearing requirements specifically imposed by law or the By-Laws);

(iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;

(iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;

(v) permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public; and

(vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the approval requirements set forth in Section 18.4; and

(vii) permit use of any and all roads that may now or in the future be located within Brunswick Forest by persons other than Owners, their families, lessees, and guests in order to access adjacent or neighboring commercial property or any other adjacent or neighboring property.

(d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XII.

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

11.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and any Private Amenity due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

(a) Installation and Maintenance. So long as Declarant owns any property described in Exhibit "A" or Exhibit "B", Declarant reserves for itself and grants to the Master Association and all utility providers, perpetual non-exclusive easements throughout Brunswick Forest (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and infrastructure to serve Brunswick Forest, including any additional property which is made a part of Brunswick Forest in the future and/or any adjacent or neighboring commercial property, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, stormwater and/or other drainage systems, street lights, and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on Recorded plats;

(ii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described in Section 11.3(a)(i); and

(iii) access to read utility meters.

(b) Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibit "A" and Exhibit "B." The Owner of any property to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements to Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant and its successors or assigns shall enter into a reasonable agreement with the Master Association to share the cost of any maintenance which the Master Association provides to or along any roadway providing access to such property, as well as the costs of any shared easements, common areas, utilities, stormwater drainage facilities and all associated facilities.

11.5. Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Master Association easements over Brunswick Forest as necessary to enable the Master Association to fulfill its maintenance responsibilities under Section 7.2. The Master Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6. Easements for Lake and Pond Maintenance and Flood Water.

Declarant reserves for itself, the Master Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility or any other property (including, without

limitation, any Private Amenity designated by Declarant); (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Master Association, and their successors, assigns and designees shall have an access easement over and across any of Brunswick Forest which abuts or contains bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Master Association, and their successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within one-hundred (100) feet of bodies of water and wetlands within Brunswick Forest, in order to (a) temporarily flood and back water upon and maintain water over such portions of Brunswick Forest; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

Declarant further reserves for itself, the Master Association, and their successors, assigns, and designees, a permanent, exclusive right and easement (a) to pump water, including treated waste water, from the lakes, ponds, lagoons, waterways, basins, water table, wells, water dependant structures and other bodies of water located in, on or under the Area of Common Responsibility for the purpose of irrigating any portion of the same and/or any other property (including, without limitation, any Private Amenity designated by Declarant), and (b) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Area and/or lands within the Area of Common Responsibility. The pumping or other removal of any water from any lake, pond, lagoon or body of water wholly or partly within the Area of Common Responsibility, for any purpose other than fire fighting and as provided herein, is prohibited without express written permission of Declarant and/or the Master Association.

There is hereby reserved for the benefit of the Declarant, the Master Association, or any public or private utility company or municipality which is providing sewer service to Brunswick Forest, their affiliates, successors or assigns, a permanent easement and right to discharge waste water into designated lakes, ponds, lagoons, waterways, basins, water dependent structures and other bodies of water within Brunswick Forest, as approved by the North Carolina Division of Environmental Management.

11.7. Golf Course Easements.

If a golf course is built on property in or adjacent to Brunswick Forest (which may or may not be the case), the terms and conditions of this Section 11.7 shall apply:

(a) Every Unit and the Common Area and the common property of any Neighborhood Master Association are burdened with an easement permitting golf balls unintentionally to come upon such areas, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a Neighborhood, or the exterior portions of a Unit to retrieve errant golf balls. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Declarant; the Master Association or its Members (in their capacities as such); Funston Land & Timber, LLC, its successors, successors-in-title to the golf course, or assigns; any property management company employed or designated by Declarant or the Master Association; any builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing; or any officer or director of any partner.

(b) If and to the extent such golf course is a Private Amenity owned or operated by Declarant, an affiliate of Declarant or any Person who is expressly designated by Declarant as having the Private Amenity and/or golf course rights provided in this Declaration (any such golf course being referred to herein as an "Affiliated Golf Course"), the owner of any golf course within or adjacent to any portion of Brunswick Forest, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of its golf course.

(c) Any portion of Brunswick Forest immediately adjacent to any Affiliated Golf Course is hereby burdened with a non-exclusive easement in favor of the Declarant, the Master Association, and any Affiliated Golf Course and its owners, employees and agents, and their successors and assigns, for overspray and/or sub-surface flow of water from any irrigation system serving Brunswick Forest or an Affiliated Golf Course. Any portion of Brunswick Forest other than those portions containing dwellings, are hereby burdened with a non-exclusive easement in favor of the Declarant, the Master Association, and any Affiliated Golf Course and its owners, employees and agents, and their successors and assigns, for the construction and use of treated holding lagoons and/or the utilization of such areas as spray fields (if and to the extent requested or required by any governmental or quasi-governmental authority having jurisdiction). Said water may be non-potable water and may be a product of or effluent from a public or private sewer system serving Brunswick Forest and/or other properties. Under no circumstances shall Declarant, the Master Association, or the owner of such Affiliated Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of any Affiliated Golf Course shall have a perpetual, exclusive easement of access over Brunswick Forest for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

11.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Brunswick Forest, including Units, and a perpetual, nonexclusive easement of access throughout Brunswick Forest to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the Owner's consent.

The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

11.9. Setback Easement.

Since the establishment of standard inflexible building setback lines in location of homes on Units tends to force construction of homes directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related concerns, no specific setback lines are established by this Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, the Declarant reserves the right to either 1) establish setback lines for certain property or Villages within the property's Architectural Design Standards, or 2) select the precise site location of each house or other structure on each Unit in its sole discretion and to arrange the same in such manner and for such reasons as the Declarant deems sufficient, provided, however, the Declarant shall make such determination so as to insure that the development of the Units subject to this Declaration is consistent with the provisions set forth herein. The placement of homes is meant to create a sense of

spaciousness and to avoid monotony. For such purposes it is the Declarant's intent that setback lines may be staggered where appropriate. In any event, no house shall be erected closer to the front Unit line or nearer to any side Unit line than the minimum distances established by applicable governmental ordinances.

In addition to the easements reserved and/or granted above and notwithstanding anything to the contrary in the foregoing paragraph of Section 11.9, Declarant hereby further reserves for itself, the Master Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement over any portions of any Unit and/or tract within Brunswick Forest lying within fifteen (15) feet of the property lines of such Unit and/or tract (but not through a structure) for the purpose of installing, inspecting, maintaining, operating, repairing and replacing utilities, stormwater facilities or any other reasonable use related to the orderly development, maintenance and use of the property within Brunswick Forest.

11.10. Easements for Special Events.

The Master Association hereby reserves for itself, its successors, assigns, and designees, a perpetual, non-exclusive easement over the Common Area for the purpose of conducting educational, cultural, entertainment, promotional, or sporting events, and other activities of general community interest at such locations and times as the Board, in its sole discretion, deems appropriate. Each Owner acknowledges and agrees that the exercise of this easement may result in a temporary increases in traffic, noise, gathering of crowds, and related inconveniences, and each Owner aggress on behalf of itself and the occupants of its Unit to take no action, legal or otherwise, which would materially, adversely interfere with the exercise of such easement or to recover damages for or as a result of any such activities.

Article XII
Limited Common Areas

12.1. Purpose.

Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes, and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Limited Common Areas are assigned.

12.2. Designation.

During the Class "B" Control Period, Limited Common Area may be designated by Declarant in the deed conveying such area to the Master Association, on a subdivision plat relating to such Common Area or by Supplemental Declaration; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Units and/or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 9. 1.

Thereafter, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Master Association, including a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As

long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, any such assignment or reassignment shall also require Declarant's written consent.

12.3. Use by Others.

Upon approval of a majority of Owners of Units within the Neighborhood to which any Limited Common Area is assigned, the Master Association may permit Owners of Units in other Neighborhoods to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Limited Common Area.

Article XIII
Party Walls and Other Shared Structures

13.1 General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article 14.

13.2 Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

Article XIV
Resolution of Disputes

14.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Master Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the

alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article IV, which shall not be subject to review.

(c) Notwithstanding the foregoing to the contrary, the following shall ***not*** be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

(i) any suit by the Master Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Master Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Master Association's ability to enforce the provisions of this Declaration relating to the creation and maintenance of community standards;

(iii) any suit between Owners, which does not include Declarant or the Master Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(iv) any suit in which any indispensable party is not a Bound Party; and

(v) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

14.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the notice described in Section 14.2(a) (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Master Association (if the Master Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Brunswick County area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

(b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;

(c) initiated to challenge ad valorem taxation or condemnation proceedings;

(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(e) to defend claims filed against the Master Association or to assert counterclaims in proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

Article XV
Private Amenities

15.1. General.

Access to and use of any Private Amenity is strictly subject to the rules and procedures of the owner of such Private Amenity, and no Person gains any right to enter or to use any Private Amenity by virtue of membership in the Master Association or ownership or occupancy of a Unit.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Master Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Private Amenities. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity.

Ownership or operation of any Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent Person; (b) establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of Declarant. Consent of the Master Association, any Neighborhood Master Association, any Voting Member, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, subject to the terms of any written agreements entered into by such owners.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

15.2. Conveyance of Private Amenities.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Master Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of any Private Amenity. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. The ownership or operation of the Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the conveyance of any Private Amenity to one or more of Declarant's affiliates, shareholders, employees, or independent contractors.' Consent of the Master Association, any Neighborhood Master Association, any Voting Member, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

15.3. View Impairment.

Declarant, the Master Association, or the owner of any Private Amenity does not guarantee or represent that any view over and across the Private Amenity from Units adjacent to the Private Amenity will be preserved without impairment. Owners of the Private Amenities, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time. In addition, the owner of any Private Amenity that includes a golf course may, in its discretion, change the location, configuration, size, and elevation of the trees, bunkers, fairways and greens from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

15.4. Rights of Access and Parking.

Declarant hereby reserves the right to grant for the benefit of any Private Amenity and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use over all roadways located within Brunswick Forest reasonably necessary to travel between the entrance to Brunswick Forest and such Private Amenity and over those portions of Brunswick Forest (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Private Amenity. Declarant's rights under this Section 15.4 shall include, without limitation, the right to permit members of the Private Amenity and their guests and invitees to park their vehicles on the roadways located within Brunswick Forest at reasonable times before, during, and after tournaments and other similar functions held by or at the Private Amenity to the extent that the Private Amenity has insufficient parking to accommodate such vehicles.

15.5. Assessments.

In consideration of the fact that the Private Amenity will benefit from maintenance of the roads, rights-of-way, and Common Areas within Brunswick Forest, the Private Amenity may, in Declarant's discretion, be obligated to pay assessments or other expenses to the Master Association. In addition, the Master Association may enter into a contractual arrangement or cost sharing agreements with any Private Amenity obligating the Private Amenity to contribute funds for, among other things, shared property or services and/or a higher level of Common Area maintenance.

Article XVI
Mortgagee Provisions

16.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Master Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of.

(a) Any condemnation loss or any casualty loss which affects a material portion of Brunswick Forest or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Master Association.

16.2. Special FHLMC Provision.

So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Voting Members representing at least 67% of the total Master Association vote consent, the Master Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Master Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently Recorded on any portion of Brunswick Forest regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such. decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Master Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Master Association.

16.3. Other Provisions for First Lien Holders.

To the extent not inconsistent with North Carolina law:

(a) Any restoration or repair of Brunswick Forest after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Master Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

16.4. Amendments to Documents.

The following provisions do not apply to amendments to the Governing Documents or termination of the Master Association as a result of destruction, damage, or condemnation pursuant to Section 16.3(a) and (b), or to the addition of land in accordance with Article IX.

(a) The consent of Voting Members representing at least eighty percent (80%) of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of

the eligible Holders of first Mortgages on Units to which at least eighty percent (80%) of the votes of Units subject a Mortgage appertain, shall be required to terminate the Master Association.

16.5. No Priority.

No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.6. Notice to Master Association.

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

16.7. Failure of Mortgagee to Respond.

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

16.8. Construction of Article XVI.

Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the By-Laws, or North Carolina law for any of the acts set out in this Article.

Article XVII
Changes in Ownership of Units

Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Unit Owner, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

Article XVIII
Changes in Common Area

18.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least 67% of the total Class "A" votes in the Master Association and of Declarant, as long as Declarant owns any property subject to the Declaration or which may be made subject top the Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award

or proceeds from such conveyance. Such award or proceeds shall be payable to the Master Association to be disbursed as follows:

(a) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Master Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within sixty (60) days after such taking Declarant, so long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1, and Voting Members representing at least 75% of the total Class "A" vote of the Master Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board; or

(b) If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Master Association and used for such purposes as the Board shall determine.

18.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area.

Subject to the applicable terms of the North Carolina Planned Community Act, the Master Association may dedicate portions of the Common Area to Brunswick County, North Carolina or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by law or Section 18.4 herein.

18.4. Actions Requiring Owner Approval.

If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs insures or guarantees the Mortgage on any Unit, then the following actions shall require the prior approval of Voting Members representing not less than two-thirds of the total Class "A" votes in the Master Association and the consent of the Class "B" Member, if such exists: merger, consolidation or dissolution of the Master Association; annexation of additional property other than that described in Exhibit "B"; and dedication, conveyance or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 18.1 or this Section, the Master Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Article XIX
Amendment of Declaration

19.1. By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Class "B" Control Period, Declarant may unilaterally amend this Declaration for any purpose.

Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Master Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

In addition, so long as Declarant owns property described in Exhibit "A" or Exhibit "B" for development as part of Brunswick Forest, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon the rights of more than 2% of the Owners.

19.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 75% of the total Class "A" votes in the Master Association, including 75% of the Class "A" votes held by Members other than Declarant, and Declarant's consent, so long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1. In addition, the approval requirements set forth in Article XVI shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

19.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege)

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

19.4. Exhibits.

Exhibit "A" and Exhibit "B" attached to this Declaration are incorporated by this reference, and this Article governs the amendment of such exhibits. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

Article XX
Miscellaneous

20.1. Severability.

Invalidation of any one of the covenants or restrictions in this Declaration by judgment or any court, agency or legislative order shall in no way affect any other provision, covenants, conditions or restrictions contained in this Declaration.

20.2. Notice by Electronic Means.

Any written notice required to be provided pursuant to the Governing Documents may be provided in accordance with the provisions of the applicable Governing Document. Alternatively, and to the extent permitted by North Carolina law, written notice may be provided by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member or other Person designated as a recipient of said notice. Permitted notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

20.3. Conflicts with the North Carolina Planned Community Act.

To the extent any provision of this Declaration is directly inconsistent with the terms of the North Carolina Planned Community Act (N.C.G.S. §47F-1-101 et. seq.) and such provision of this Declaration cannot reasonably be reconciled with said North Carolina Planned Community Act, the terms of the North Carolina Planned Community Act shall be controlling with regard to such term.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

FUNSTON LAND & TIMBER, LLC,
a North Carolina corporation

By: _____
Its: Manager

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Pamela F. Mason, a Notary Public for said County and State, do hereby certify that Jeff Earp, Manager of FUNSTON LAND & TIMBER, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal this 23rd day of March, 2006.

Pamela F. Mason
Notary Public

My Commission Expires:

10/26/06

PAMELA F. MASON NOTARY PUBLIC NEW HANOVER COUNTY, N.C.

LAND INITIALLY SUBMITTED

BEING ALL of the real property described as Tract 1 containing 146.82 acres and Tract 2 containing 4.91 acres as shown on map entitled "Map of Survey for Jefferson Landing at Brunswick Forest" recorded in Map Book 34 Page 459 of the Brunswick County Registry, reference to said map is hereby made for a more particular description.

EXHIBIT "B"

LAND SUBJECT TO ANNEXATION

BEING any portion or all of that real property within a five (5) mile radius of the real property described on Exhibit "A" attached hereto and incorporated herein by reference.

EXHIBIT "C"

INITIAL RESTRICTIONS AND RULES

The following restrictions shall apply to all of Brunswick Forest until such time as they are amended, modified, repealed, or limited pursuant to Article III of the Declaration.

1. General. Brunswick Forest shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of property described in Exhibit "A" or Exhibit "B," offices for any property manager retained by the Master Association, or business offices for Declarant or the Master Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within Brunswick Forest unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking any vehicles on public or private streets or thoroughfares or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, motorcycles, mopeds, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. All parties are also hereby notified that, in the event any dog kept or maintained on a Unit or within Brunswick Forest barks excessively, continuously or in a manner that constitutes a nuisance, the Board may require the Unit Owner to employ a collar or other device designed to reduce or control such excessive barking (provided that such action shall in no event limit any other rights or remedies for such situation that may be available to the Board or to any other parties at law or in equity). Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed and inoculated as required by law;

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity which violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within Brunswick Forest, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick-ups, and then only in approved containers;

(l) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Master Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and Recorded, except that Declarant shall be permitted to subdivide or replat Units which it owns;

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within Brunswick Forest, except that Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and to draw Water from lakes, ponds, and streams within Brunswick Forest for purposes of irrigation and such other purposes as Declarant shall deem desirable. The Master Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to Brunswick Forest. Notwithstanding the foregoing, fishing from the shore of certain bodies of water within Brunswick Forest specifically designated by Declarant may be allowed, subject to rules issued by Declarant or the Master Association;

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program with respect to Units which it owns;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Master Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article IV;

(r) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for Brunswick Forest; (iii) the business activity does not involve door-to-door solicitation of residents of Brunswick Forest; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Brunswick Forest which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of Brunswick Forest and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of Brunswick Forest, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the providers family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Builder approved by Declarant with respect to its development and sale of Brunswick Forest or its use of any Units which it owns within Brunswick Forest, including the operation of a timeshare or similar program;

(s) Capturing, trapping, or killing of wildlife within Brunswick Forest, except in circumstances posing an imminent threat to the safety of persons using Brunswick Forest;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Brunswick Forest or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article IV;

(v) Operation of motorized vehicles on pathways or trails maintained by the Master Association, except that golf carts may be operated on cart paths designated by the Master Association for such purposes, if and to the extent permitted by rules adopted by the Master Association; and

(w) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration. This shall include, without limitation, signs, basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind; satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed

services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals; (collectively, "Permitted Antennas") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Architectural Design Standards, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and/or the Master Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of Brunswick Forest, should any master system or systems be utilized by the Master Association and require such exterior apparatus.

3. Prohibited Conditions. The following shall be prohibited at Brunswick Forest:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Brunswick Forest;

(b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair; and

(c) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within Brunswick Forest, except that Declarant and the Master Association shall have the right to draw water from such sources.

4. Leasing of Units. "Leasing," for purpose of this Paragraph, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term, which requirements may vary from Neighborhood to Neighborhood. Notice of any lease, together with such additional information as may be required by the board, shall be given to the Board by the Unit Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declarations, By-Laws, and the Restrictions and Rules.

5. Site Coverage and Stormwater Runoff Rules.

(a) All Lots and/or Units are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations may be amended from time to time. Without limiting the foregoing, Declarant or its designee, including the Architectural Review Committee, reserves the right to impose additional restrictions upon the Property as and to the extent required by the terms of any stormwater permit applicable to Brunswick Forest or any portion thereof issued by the State of North Carolina. Such additional restrictions may be imposed by Declarant by the recording of a Supplemental Declaration, and no joinder or consent of the Master Association or any other owner or person shall be required for such Supplemental Declaration.

(b) The following restrictions in this Paragraph 5(b) shall apply *only* to that property described in Exhibit A of the Declaration.

(1) This restrictions this Paragraph 5(b) are intended to ensure ongoing compliance with State Stormwater management Permit Number SW8 060226, as amended, as issued by the Division

of Water Quality under NCAC 2H.1000 and any subsequently issued permits or modifications thereof (the "Permit").

(2) The State of North Carolina is made a beneficiary of the covenants contained in this Paragraph 5(b) to the extent necessary to maintain compliance with the Permit.

(3) These covenants are to run with the land and be binding on all persons and parties claiming under them.

(4) The covenants contained in this Paragraph 5(b) pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, or its successor agency.

(5) Alteration of the drainage as provided in the Permit may not take place without the concurrence of the Division of Water Quality, or its successor agency.

(6) The maximum allowable built-upon area per lot, in square feet, is as listed below:

(i)	Lots 1-8:	4,300 square feet
(ii)	Lots 9-24 and Lots 94-123:	4,600 square feet
(iii)	Lots 25-63:	3,485 square feet
(iv)	Lots 64-93:	3,890 square feet
(v)	52 townhome lots:	3,575 square feet

These allotted amounts include any built-upon area constructed within the property boundaries and that portion of the right-of-way between the front lot lines 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.

(7) All runoff from the built-upon areas on a lot must drain into the permitted stormwater system. This may be accomplished through a variety of means including roof drain gutters, which drain to the street, grading the lot to drain toward the street, or grading perimeter swales to collect the lot runoff and directing them into the street or into a component of the stormwater system that ultimately drains into the stormwater system. Lots that will naturally drain into the stormwater system are not required to provide these additional measures.

(c) Declarant reserves the right in its sole discretion as state stormwater permits are modified to recalculate and redesignate maximum built upon areas as set forth in Paragraph 5(b) above, provided such recalculations and redesignations are in accordance with state stormwater permits applicable to Brunswick Forest. In addition, if any property as finally constructed does not use its allocated built upon area, Declarant shall have the sole right to reclaim such excess allotment and reallocate it to remaining properties in its sole discretion.

EXHIBIT "D"

BY-LAWS

OF

BRUNSWICK FOREST MASTER ASSOCIATION, INC.

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BY-LAWS
OF
BRUNSWICK FOREST MASTER ASSOCIATION, INC.

ARTICLE I
NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.1. Name.

The name of the corporation is Brunswick Forest Master Association, Inc. (the "Master Association").

1.2. Principal Office.

The Master Association's principal office shall be located in Brunswick County, North Carolina. The Master Association may have such other offices, either within or outside Brunswick Forest, as the Board of Directors may determine or as the Master Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms not defined herein shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for Brunswick Forest Residential Property, as it may be amended (the "Declaration"), unless the context indicates otherwise.

ARTICLE II
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

2.1. Membership.

The Master Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

Master Association meetings shall be held at the principal office of the Master Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The Master Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Master Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings. Annual meetings may be conducted electronically (i.e., via the Internet, intranet, or teleconference) if, and to the extent, permitted by law.

2.4. Special Meetings.

The President may call special meetings. It shall also be the President's duty to call a special meeting if so directed by Board resolution or upon a petition signed by Voting Members representing at least 10% of the total Class "A" votes of the Master Association.

2.5. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Alternatively, written notice of each meeting of Members may be given by or at the direction of the Secretary or other person authorized to call the meeting by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member.

Such notice shall also specify the purpose or purposes for which the meeting is called and the items on the agenda, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or By-Laws of the Master Association, any budget changes, and any proposal to remove a director or officer.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the Master Association's records, with postage prepaid. Notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may waive, in writing, notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If the Master Association cannot hold a meeting of the Members because a quorum is not present, a majority of the Voting Members who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called; provided however, in the event any meeting is adjourned and reconvened due to lack of a quorum, the quorum requirement applicable to such reconvened meeting shall be one-half (½) of the quorum requirement applicable at the meeting adjourned due to a lack of a quorum.

If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

Members' voting rights shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

Voting Members may not vote by proxy but only in person or through their designated alternates; provided, any Voting Member who is only entitled to cast the vote(s) for his or her own Unit(s) pursuant to the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Member to represent the Neighborhood of which the Unit is a part. On any matter as to which a Member is entitled personally to cast the vote for his or her Unit, such vote may be cast in person or by proxy, subject to the limitations of North Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws.

Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Master Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Members representing a majority of the total Class "A" votes in the Master Association shall constitute a quorum at all Master Association meetings.

2.12. Conduct of Meetings.

The President shall preside over all meetings of the Master Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other business occurring at such meetings.

2.13. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Master Association. Such consents shall be filed with the Master Association's minutes and shall have the same force and effect as a vote of the Voting Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Voting Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE III
BOARD OF DIRECTORS: SELECTION, MEETINGS, POWERS

A. Composition and Selection.

3.1. Governing Body; Composition.

The Board of Directors shall govern the Master Association's affairs. Each director shall have one (1) vote. Except for directors appointed by the Class "B" Member, directors shall be Members or residents. However, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person eighteen (18) years of age or older whose principal residence is a Unit within Brunswick Forest. If a Member is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Master Association signed by such Member. However, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors.

The Board shall consist of three (3) to seven (7) directors, as provided in Sections 3.3 and 3.5. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

The Class "B" Member shall have complete discretion in appointing its directors under Section 3.5. Class "B" Member-appointed directors shall serve at the pleasure of the Class "B" Member.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for

any position to be filled by Class "A" votes. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations also may be permitted from the floor.

Except with respect to directors selected by the Class "B" Member, a Nominating Committee may also make nominations for election to the Board. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three (3) or more Members or representatives of Members, with at least one representative from each Voting Group. Members of the Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting to serve a term of one (1) year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" votes, and for the director(s) to be elected by the votes within each Voting Group. In making its nominations, the Nominating Committing shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

3.5. Election and Term of Office.

Except as these By-Laws may otherwise specifically provide, election of directors shall take place at the Master Association's annual meeting. Notwithstanding any other provision of these By-Laws:

(a) Within thirty (30) days after the time that Class "A" Members other than Builders own 33% of the Units proposed by the Master Plan for the property described in Exhibit "A" and/or Exhibit "B" of the Declaration, or whenever the Class "B" Member earlier determines, the President shall call for an election by which the Voting Members shall be entitled to elect one of the three directors, who shall be an at-large director. The remaining directors shall be appointees of the Class "B" Member. The director elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within thirty (30) days after the time that Class "A" Members other than Builders own 50% of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Voting Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. Directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c), whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c), successors shall be elected for a like term.

(c) Within ninety (90) days after termination of the Class "B" Control Period, the President shall call for an election by which the Voting Members shall be entitled to elect three of the five directors, who shall serve as at-large directors. The remaining two directors shall be appointees of the Class "B" Member. Directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control

Period. If such annual meeting is scheduled to occur within ninety (90) days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (d).

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period, the Board shall be increased to seven directors and an election shall be held. Six directors shall be elected by the Voting Members, with an equal number of directors elected by the Voting Members representing each Voting Group and any remaining directorships filled at large by the vote of all Voting Members. Three directors shall serve a term of two years and three directors shall serve a term of one year, as such directors determine among themselves.

Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint one director. Upon termination of the Class "B" membership, the director elected by the Class "B" Member shall resign and the remaining directors shall be entitled to appoint a director to serve until the next annual meeting, at which time the Voting Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two years.

Upon expiration of the term of office of each director elected by the Voting Members, Voting Members entitled to elect such director shall be entitled to elect a successor to serve a term of two years. Directors elected by the Voting Members shall hold office until their respective successors have been elected.

The Master Association shall publish the names and addresses of all officers and directors within thirty (30) days of their election.

3.6. Removal of Directors and Vacancies.

Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Master Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

Any director whom the Board appoints shall be selected from among Members within the Voting Group represented by the director who vacated the position.

This Section shall not apply to directors appointed by the Class "B" Member or to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.

B. Meetings.

3.7. Organizational Meetings.

The first Board meeting following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as the Board shall fix.

3.8. Regular Meetings.

Regular Board meetings may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings.

Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, fiber optics or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Master Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

(b) Transactions of any Board meeting, 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 (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless otherwise specifically provided in these By-Laws or the

Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. If a quorum is present at the reconvened meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Open Meetings, Executive Session.

(a) Except in an emergency, notice of Board meetings shall be posted at least forty-eight (48) hours in advance of the meeting at a conspicuous place within the Properties which the Board establishes for the posting of notices relating to the Master Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.15 herein, all Board meetings shall be open to all Voting Members and, if required by law, all Owners; but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(b) Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.15. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for the administration of the Master Association's affairs and for performing all responsibilities and exercising all rights of the Master Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on behalf of the Master Association all acts and things except those the Governing Documents or North Carolina law require to be done and exercised exclusively by the Voting Members or the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;

(d) designating, hiring, and dismissing personnel necessary to carry out the Master Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Master Association in a bank depository which it shall approve, and using such funds to operate the Master Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;

(f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening bank accounts on behalf of the Master Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Master Association; provided, the Master Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Master Association;

(1) keeping books with detailed accounts of the Master Association's receipts and expenditures;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Master Association as provided in Section 6.4 herein;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Master Association to the extent such indemnity is required by North Carolina law, the Articles of Incorporation or the Declaration; and

(p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.18. Compensation.

The Master Association shall not compensate any Director for acting as such unless approved by Voting Members representing a majority of the total Class "A" votes in the Master Association. Any director may be reimbursed for expenses incurred on behalf of the Master Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Master Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Master Association in a capacity other than as a director pursuant to a contract or agreement with the Master Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director, and otherwise complies with the By-laws and/or any other policies or procedures of the Master Association.

3.19. Right of Class "B" Member to Disapprove Actions.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Master Association, the Board and/or any committee, which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of Brunswick Forest, or diminish the level of services being provided by the Master Association, or, in the opinion of the Declarant, be inconsistent with the Community Wide Standard.

(a) Notice. The Master Association, the Board, and each committee shall give the Class "B" Member written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting). Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Master Association's Secretary, which notice complies as to Board meetings with Sections 3.8, 3.9, 3.10, and 3.11 herein and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting; and

(b) Opportunity to be Heard. The Master Association, the Board, and each committee shall give the Class "B" Member the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed

actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Master Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Master Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20. Management.

The Board may employ a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or those duties set forth in these By-Laws in Sections 3.17(a) (with respect to adoption of the budget), 3.17(b), 3.17(f), 3.17(g) and 3.17(i). Declarant or its affiliate may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Master Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination that the Master Association may exercise, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than ninety (90) days' written notice.

3.21. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Master Association shall not be commingled with any other accounts;

(d) the managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Master Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; the Master Association shall benefit from any thing of value received;

(e) any financial or other interest the managing agent may have in any firm providing goods or services to the Master Association shall be disclosed promptly to the Board;

(f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Master Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available to all Members at no charge within seventy-five (75) days after the close of the fiscal year: (i) expenses, (ii) a balance sheet; (iii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant, provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Master Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

3.22. Borrowing.

The Master Association may borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt included within the previous period, exceeds or would exceed ten percent (10%) of the Master Association's budgeted gross expenses for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least eighty percent (80%) of the total Class "A" votes (plus, during the Class "B" Control Period, the written consent of Declarant).

3.23. Right to Contract.

The Master Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents Master Associations, within and outside Brunswick Forest. Any common management agreement shall require the consent of a majority of the Board.

3.24. Enforcement.

The Master Association may enforce and impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than fifteen (15) days within which the alleged violator may present a written request for a

hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice (including the collection of court costs and reasonable attorneys' fees) unless a challenge is begun within fifteen (15) days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 15-day period, the hearing shall be held before the Board in executive session or before an adjudicatory panel appointed by the Board (an "Adjudicatory Panel"). Any Adjudicatory Panel appointed by the Board shall be composed of Members of the Master Association who are not officers of the Master Association or members of the Board. Prior to the effectiveness of any sanction hereunder, proof of proper notice 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 or its representative 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.

If it is decided at the hearing that a fine should be imposed, a fine not to exceed One Hundred Dollars ($100.00) may be imposed for the violation and without further hearing, for each day more than five (5) days after the decision that the violation occurs. Such fines shall be shall be assessments secured by liens under Article 8 of the Declaration. If it is decided that a suspension of planned community privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. The Owner may appeal the decision of an Adjudicatory Panel to the full Board by delivering written notice of appeal to the Board within fifteen (15) days after the date of the decision. The Board may affirm, vacate, or modify the prior decision of the Adjudicatory Panel.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may, to the extent permitted by law, elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the dispute resolution procedures set forth in the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass. The enforcement rights and sanctions set out in Section 3.24 herein are in addition to and not in limitation or in lieu of any enforcement rights or remedies set out in the Governing Documents.

3.25. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable North Carolina corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be afforded an opportunity to review the books and records of the Master Association and any information reasonably available to the Master Association, within a reasonable time after election, in order to foster awareness of the Master Association's governance, operations, and concerns, and the duties and responsibilities of directors and officers.

In a similar manner, the Board may provide or provide for Owner and resident education and training opportunities designed to foster awareness of Brunswick Forest's governance, operations, and concerns. The Board may conduct or provide for training and information classes designed to educate Neighborhood Representatives and Class "A" Members of the nomination, election, and voting processes and the duties and responsibilities of directors and officers, as provided in Section 3.4 herein.

3.26. Board Standards.

In the performance of their duties, Master Association directors and officers shall be insulated from personal liability to the maximum extent provided by North Carolina law for directors and officers of nonprofit corporations, and as otherwise provided in the Governing Documents. Directors are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

As defined herein, a director shall be acting in accordance with the business judgment rule so long as the director (a) acts within the express or implied terms of the Governing Documents and his or her actions are not *ultra vires* (i.e., outside the scope of the director's authority); (b) affirmatively undertakes to make decisions which are necessary for the Master Association's continued and successful operation and, when decisions are made, they are made on an informed basis; (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in decisions and actions when a conflict exists; and (d) acts in a non-fraudulent manner and without reckless indifference to the Master Association's affairs. A director acting in accordance with the business judgment rule shall be protected from personal liability.

Board determinations of the meaning, scope, and application of Governing Documents provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

3.27. Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, no Class "A" Director may transact business with the Master Association as a vendor, service provider, or contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the directors relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. The Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, directors appointed by the Class "B" Member may be employed by or otherwise transact business with Declarant or any affiliate of Declarant, and Declarant and its affiliates may transact business with the Master Association or its contractors.

The initial Board shall create and adopt a written "Code of Ethics" applicable to all directors and officers. The Code of Ethics shall incorporate the above standards and other conduct rules it deems appropriate. At a minimum, the Code of Ethics shall require each officer and director to conduct himself or herself in manner consistent with the Board Standards described in Section 3.26. Each officer and director, as a precondition to service, shall acknowledge and agree, in writing, to abide by the Code of Ethics. The Board must approve any amendment to the Code of Ethics.

3.28. Member Comment at Board Meetings.

At regular intervals, the Board shall provide Members an opportunity to attend a portion of a Board meeting and to speak to the Board about their issues or concerns. The Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

ARTICLE IV
OFFICERS

4.1. Officers.

The Master Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. The same person may hold any two or more offices, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the Master Association's officers at the first Board meeting following each annual meeting of the Voting Members, to serve until their successors are elected. The Master Association shall publish the names and addresses of all officers and directors within thirty (30) days of their election.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Master Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

(a) The Master Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the Master Association's chief executive officer. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

(b) With regard to any amendment of the Declaration by the Master Association as provided in Sections 9.2 and 19.2 of the Declaration, the President of the Master Association shall have the authority to prepare, execute, certify and record any amendment to the Declaration by the Master Association and the Secretary shall attest the signature of the President.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time

specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

At least two officers or such other person(s) as the Board may designate shall execute the Master Association's agreements, contracts, deeds, leases, and other instruments.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.18 herein.

ARTICLE V
COMMITTEES

5.1. General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee.

In addition to any other committees the Board may establish pursuant to By-Laws Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Master Association and shall conduct all hearings held pursuant to By-Laws Section 3.24.

5.3. Neighborhood Committees.

In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or Neighborhood Master Association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Master Association in addition to those provided to all Members of the Master Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue but shall not have the authority to bind the Board. Such Neighborhood Committees, if elected, shall consist of three (3) to five (5) Members, as determined by the vote of at least fifty-one percent 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Neighborhood Committee. The Voting Member representing such Neighborhood shall be the chairperson of the Neighborhood Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under By-Laws Sections 3.8, 3.9, 3.10, and 3.11. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and

their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

ARTICLE VI
MISCELLANEOUS

6.1. Fiscal Year.

The Master Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of any proceedings of the Master Association (including, without limitation, meetings of the Board), any Neighborhood Association, or any Neighborhood Committee when not in conflict with North Carolina law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) The Master Association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to any specific information that is required by these By-laws to be assembled and reported to the Members at specified times, the Master Association shall make an annual income and expense statement and balance sheet available to all Members at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. Notwithstanding anything herein to the contrary, a more extensive compilation, review, or audit of the Master Association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the Board or by the affirmative vote of a majority of the Class "A" vote of the Master Association voting in person or by proxy at any annual meeting or any special meeting duly called for that purpose.

(b) All financial and other records, including records of meetings of the Master Association and Board, shall be made reasonably available for examination by any Member and the Member's authorized agents as required in the By-Laws and Chapter 55A of the North Carolina General Statutes. Additionally, the Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Master Association's office or at such other place within Brunswick Forest as the Board shall designate. Subject to the foregoing, the Board shall establish rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested.

(c) The Master Association, upon written request, shall furnish to a Member or the Member's authorized agents a statement setting forth the amount of unpaid assessments and other charges against a Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Master Association, the Board, and every Member.

(d) In addition to the limitations of Article 8 of Chapter 55A of the North Carolina General Statutes, no financial payments, including payments made in the form of goods and services, may be made to any officer or member of the Board or to a business, business associate, or relative of an officer or member of the Board, except as expressly provided for in these By-Laws or in payments for services or expenses paid on behalf of the Master Association which are approved in advance by the Board.

(e) Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Master Association and the physical properties owned or controlled by the Master Association. A director's right of inspection includes the right to make a copy of relevant documents at the Master Association's expense.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member;

(b) if to the Master Association, the Board, or the managing agent, at the principal office of the Master Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to any committee, at the principal address of the Master Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Any written notice required to be provided pursuant to the Governing Documents may be provided in accordance with the provisions of the applicable Governing Document, or alternatively and to the extent permitted by North Carolina law, written notice may be provided by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member or other Person designated as a recipient of said notice. Notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

6.6. Amendment of By-Laws.

(a) By Class "B" Member. Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these By-Laws. Thereafter, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Master Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units.

However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By- Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 51% of the total Class "A" votes in the Master Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon adoption unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its adoption, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Brunswick Forest Master Association, Inc., a North Carolina corporation;

That the forgoing By-Laws constitute the original By-Laws of said Master Association, as duly adopted at a meeting of the Board of Directors thereof held on the 23rd day of March, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Master Association this 23rd day of March, 2006.

Rosemary Russell Gibson (SEAL)
Secretary