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NORTH CAROLINA - BRUNSWICK COUNTY

**Master Declaration
of
Covenants, Conditions, Restrictions and Easements
for
SeaScape at Holden Plantation**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS is made as of this 10th day of December, 1999, by SeaScape at Holden Plantation, Inc., a North Carolina corporation (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Brunswick County, North Carolina, which property is described on Exhibit "A" attached hereto and incorporated herein by reference;

WHEREAS, Declarant intends to develop said property as a planned community accommodating a mix of residential, commercial and recreational uses and to be known as SeaScape at Holden Plantation;

WHEREAS, by subjecting said property to the provisions of this Master Declaration, Declarant intends to provide a flexible method for the administration and maintenance of the common elements of the planned community; and

WHEREAS, as hereinafter provided, Declarant has retained and reserved the right and option to subject to the provisions of this Master Declaration at a later time and from time to time, all or any portion of the additional real property described on Exhibit "B" attached hereto and incorporated herein by this reference.

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

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ARTICLE I

DEFINITIONS

As used in this Master Declaration, unless the context shall require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular and plural forms of any such term(s):

- (a) "Additional Property" shall mean and refer to the real property described on Exhibit "B" attached hereto, together with all improvements thereon.
- (b) "Architectural Control Committee" shall mean and refer to the committee which shall be appointed by the Executive Board of the Association to review improvements and landscaping within the Development as provided in Article VI hereof.
- (c) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association, as filed in the office of the Secretary of State of North Carolina, as the same may be amended from time to time.
- (d) "Assessment(s)" shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association as provided herein. The term "Assessment(s)" shall include Annual Assessments, Special Assessments and Segment Assessments.
- (e) "Association" shall mean and refer to SeaScape at Holden Plantation Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.
- (f) "Bylaws" shall mean and refer to the Bylaws of the Association, as the same may be amended from time to time.
- (g) "Commercial Unit" shall mean and include any improved property located within the Development which is used or intended for use for commercial or business enterprises to serve residents of the Development and/or the public.
- (h) "Common Elements" shall mean and refer to all interests in real property, together with any improvements thereon, now or hereafter owned by or leased to the Association or with respect to which the Association holds an easement for the use thereof; provided, however, that any properties that are leased to the Association for the use as Common Elements shall lose their character as Common Elements upon the expiration of such lease. "Common Elements" shall include "Limited Common Elements" except where the context otherwise provides.
- (i) "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of all Owners, including any reasonable reserves, all as may be found to be necessary and appropriate by the

Executive Board pursuant to the Articles of Incorporation, this Master Declaration and the Bylaws.

(j) "Concept Plan" shall mean and refer to the Planned Unit Development Concept Plan for SeaScape at Holden Plantation on file with the applicable authorities of Brunswick County, North Carolina. Since the concept of the future development of SeaScape at Holden Plantation is subject to continuous revision and change by Declarant, present and future references to the "Concept Plan" shall be references only to the latest revision thereof.

(k) "Declarant" shall mean and refer, collectively, to: (i) SeaScape at Holden Plantation, Inc., a North Carolina corporation; (ii) successors of SeaScape at Holden Plantation, Inc. or another Declarant by operation of law; and (iii) any Persons who are (A) assignees of any or all of a Declarant's rights, (B) hold title to any portion of the Development or the Additional Property, and (C) are designated as a Declarant in a written instrument executed by the assignor Declarant and recorded in the Brunswick County Registry.

(l) "Development" shall mean and refer to those tracts or parcels of land described on Exhibit "A" attached hereto, together with all improvements thereon, and, upon the submission to the provisions of this Master Declaration, the Additional Property or any portion thereof, together with all improvements constructed thereon.

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

(n) "Intended for Use," with or without initial capital letters, shall mean the use intended for various parcels within the Property as shown on the Concept Plan, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which Declarant has conveyed the property or in any Sub-Association Declaration.

(o) "Homesite" shall mean any lot or parcel of land located within the Development which is used or intended for use as a site for a single family dwelling, whether detached or attached, as shown upon any recorded subdivision plat of any part of the Development.

(p) "Lease" shall mean and refer to any lease, sublease or rental contract, whether oral or written, and for a term of hours, days, months or years.

(q) "Limited Common Elements" shall mean those portions of the Common Elements reserved for the use of a particular Owner or group of Owners to the exclusion of other Owners and which are designated "Limited Common Elements" on the recorded plat showing such property.

(r) "Marina Slip" shall mean any boat slip or other mooring located within the Development and designated for separate ownership for mooring a motorboat, sailboat or other watercraft, but excluding any boat slips or moorings, if any, owned by the Association as Common Elements.

(s) "Master Declaration" shall mean and refer to this Master Declaration of Covenants, Conditions, Restrictions and Easements for SeaScape at Holden Plantation and all supplements or amendments to it recorded in the Brunswick County Registry.

(t) "Member" shall mean and refer to each Owner who is a Member of the Association as provided in Article II hereof.

(u) "Mortgage," with an initial capital letter, shall mean and refer to a mortgage, deed of trust or other similar security instrument granting, creating or conveying a lien upon any lot or parcel of land in the Development.

(v) "Mortgagee," with an initial capital letter, shall mean and refer to the holder of a Mortgage.

(w) "Owner" shall mean and refer to the owner as shown on the real estate records of Brunswick County, North Carolina, whether it be one or more Persons, of fee simple title to any Homesite, Residential Condominium Unit, Unimproved Tract, Marina Slip or Commercial Unit within the Development, but shall not include a Person having an interest in any such property solely as security for an obligation.

(x) "Person" shall mean and refer to a natural person or a corporation, limited liability company, partnership, association, trust or any other legal entity.

(y) "Property," with an initial capital letter, shall mean and refer to the real property described in Exhibit "A" and the Additional Property, together with all improvements thereon.

(z) "Residential Condominium" shall mean a residential condominium consisting of two or more units situated on commonly owned land located within the Development.

(aa) "Residential Condominium Unit" shall mean a physical portion of a Residential Condominium designated for separate ownership or occupancy, the boundaries of which are described in a declaration of condominium recorded in the Brunswick County Registry.

(bb) "Sub-Association" shall mean and refer to a nonprofit corporation whose members are comprised entirely of Owners within any subordinate development in the Development, including without limitation a condominium.

(cc) "Sub-Association Common Elements" shall mean all real property or real property interests, together with any improvements thereon, owned or leased by a Sub-Association for the common use and enjoyment of members of such Sub-Association.

(dd) "Sub-Association Declaration" shall mean and refer to any instrument or document, and any amendment thereto, which is recorded in the Brunswick County Registry which (i) creates a condominium or other planned community or planned unit development, or (ii) imposes covenants, conditions and restrictions with respect to an Unimproved Tract or a group of two or more Homesites, Residential Condominium Units, Marina Slips or Commercial Units.

(ee) "Unimproved Tract" shall mean any unimproved parcel of real estate located within the Development intended for use as a site for two or more Homesites, Residential Condominium Units, Marina Slips and/or Commercial Units. A parcel of real estate shall not be deemed an Unimproved Tract until such time as a plat thereof has been recorded and such parcel has been subjected to this Master Declaration, and shall no longer be deemed an Unimproved Tract after it has been subdivided into Homesites, Residential Condominium Units and/or Marina Slips, or one or more Commercial Units have been constructed thereon.

ARTICLE II

MEMBERSHIP AND GOVERNANCE OF THE ASSOCIATION

Section 1. Membership. As provided in the Articles of Incorporation, every Owner shall be a voting Member of the Association. Such membership shall be appurtenant to and may not be separated from ownership of the Homesite, Residential Condominium Unit, Marina Slip, Commercial Unit or Unimproved Tract which is subject to assessment by the Association. The Executive Board may adopt reasonable rules relating to the proof of ownership.

Section 2. Voting Rights of Members. As provided in the Articles of Incorporation, the Members shall be entitled to vote on matters for which such a vote is expressly required by the North Carolina Nonprofit Corporation Act, the North Carolina Planned Community Act, the Articles of Incorporation or this Master Declaration. The Association shall have three (3) classes of Members with voting rights as follows:

Class "A": Class "A" Members shall be all Owners (with the exception of Declarant) of Homesites, Residential Condominium Units and Unimproved Tracts. Owners shall be entitled to one (1) vote for each Homesite or Residential Condominium Unit. The voting rights of the Owner of an Unimproved Tract shall be based upon the amount of the Annual Assessment levied on the Unimproved Tract owned by such Owner. In computing the number of votes to which the Owner of an Unimproved Tract shall be entitled, the amount of the Assessment paid with respect to such Unimproved Tract shall be rounded to the nearest Ten Dollars (\$10.00), such amount shall be divided by the amount of the Annual Assessment paid on a Homesite or Residential Condominium Unit, and the result shall be rounded up to the nearest whole number,

which whole number shall be the number of votes for such Unimproved Tract. Payment of Special or Segment Assessments shall not entitle a Member to additional votes. Declarant reserves the right to expand the Class "A" membership to include Owners of Marina Slips and/or Commercial Units by an amendment to the Master Declaration specifying the voting rights of such Owners and the assessments applicable to such Marina Slips and/or Commercial Units; provided that the ratios between the voting rights and assessments applicable to each Marina Slip and each Commercial Unit shall be substantially equivalent to the ratio between the voting rights and assessments applicable to Homesites.

Class "B": The Class "B" Member shall be Declarant. The Class "B" Member shall be entitled to four (4) votes for each Homesite or Residential Condominium Unit that it owns and four (4) votes for each vote that it would have if it were a Class "A" Member with respect to each Unimproved Tract that it owns. In the event that Declarant expands the Class "A" membership to include Owners of Marina Slips and/or Commercial Units, then the Class "B" Member shall be entitled to four (4) votes for each vote that it would have if it were a Class "A" Member with respect to each Marina Slip and each Commercial Unit that it owns. The Class "B" membership shall cease and be converted to Class "A" membership upon the happening of any of the following events, whichever occurs first:

(i) Declarant owns a combined total of less than five (5) Homesites, Residential Condominium Units, Marina Slips and/or Commercial Units; provided that the Class "B" membership shall be reinstated with all rights, privileges, responsibilities and voting power if, after conversion of the Class "B" membership to Class "A" membership, additional lands are annexed into the Development by the Declarant as provided in the Master Declaration and such annexation increases Declarant's ownership to at least five (5) Homesites, Residential Condominium Units, Marina Slips and/or Commercial Units;

(ii) On December 31, 2020; or

(iii) When, in its discretion, Declarant decides to terminate and convert the Class "B" membership to Class "A" membership; provided that Declarant shall give written notice to the Association at least sixty (60) days prior to the date of such discretionary termination.

The Class "A" and "B" Members are sometimes hereinafter collectively referred to as the "Members." Certain provisions regarding meetings of Members, proxies and voting by co-owners may be set forth in the Bylaws.

Section 3. Executive Board. As provided in the Articles of Incorporation, the affairs of the Association shall be managed by or at the direction of the Executive Board initially consisting of three (3) natural persons, who need not be Owners. The number of persons on the Executive Board may be changed as provided in the Bylaws. Notwithstanding anything to the contrary herein, until December 31, 2020, Declarant shall have the right to appoint the members

of the Executive Board, unless such right is waived in writing by Declarant. Declarant shall have the right to remove any Executive Board member appointed by it and appoint another person to replace such removed member. The manner of election of the Executive Board after expiration of Declarant's right to appoint the members of the Executive Board shall be as provided in the Bylaws of the Association.

ARTICLE III

RIGHTS IN COMMON ELEMENTS

Section 1. Conveyance of Common Elements by Declarant. Declarant covenants for itself, its successors and assigns, to convey to the Association by fee simple deed or long term lease, at no cost to the Association, the following properties, which shall be Common Elements:

(a) All private roads and streets within the Development which connect Homesites, Residential Condominium Units, Marina Slips, Commercial Units or Unimproved Tracts to recreation facilities located within the Development or to public roads or highways.

(b) All Common Elements (excluding Sub-Association Common Elements) designated as such on a subdivision plat of any portion of the Development recorded in the Brunswick County Registry.

Such properties may be conveyed to the Association at one time or from time to time in the sole discretion of Declarant; provided that said conveyances shall take place on or before January 1, 2020. In addition, Declarant may convey or lease other property, or an interest therein, to the Association for use as Common Elements. The Association shall accept the conveyances and immediately become responsible for all maintenance and operation of all such properties.

Section 2. Restrictions on and Rights of Others in Common Elements. The Common Elements shall be subject to the provisions of this Master Declaration, including Declarant's rights and reservations as described in Article VII hereof, and all easements, restrictions and rights of way of record at the time of conveyance. In addition, all of the Common Elements shall be subject to the rights of up to twenty five (25) individuals designated by Declarant in writing to use the same without charge during their respective lives, which individuals shall not be required to own any property within the Development in order to exercise such rights.

Section 3. Owners' Easements in Common Elements. Subject to the provisions of this Master Declaration, the Articles of Incorporation, the Bylaws and rules and regulations of the Association, and any fees or charges established by the Association, every Owner and every family member, guest, invitee, licensee, lessee, transient paying guest and tenant of an Owner (each an "Authorized User"), shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to

every Homesite, Residential Condominium Unit, Marina Slip, Commercial Unit and Unimproved Tract. In those instances where such property in the Development is owned or leased by a corporation or other legal entity, the owners and principal officers of such entity shall be Authorized Users; provided that the Executive Board may adopt rules requiring that such individuals be designated in writing and specifying a reasonable limit on the number of Authorized Users per property.

Section 4. Extent of Owners' Easement. The rights and easement of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to adopt and enforce reasonable rules and regulations regarding use of the Common Elements.

(b) The right of the Association to impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements other than Limited Common Elements and for services provided to Owners.

(c) The right of the Association to grant or transfer drainage and utility easements on any part of the Common Elements.

(d) The right of the Association to convey or encumber all or any part of the Common Elements, subject to approval by the Owners as hereinafter provided.

(e) The right of the Association to exchange with the Declarant, or with any other Owner, any portion of the Common Elements for an approximately equal area of other property to be added to the Common Elements, whereupon the property conveyed by the Association shall cease to be Common Elements and shall no longer be subject to the provisions of this Master Declaration relating to Common Elements, and the property acquired by the Association shall become Common Elements.

(f) The rights of reversion of the lessor of any Common Elements leased by the Association upon expiration of the lease.

(g) Declarant's rights and reservations as described in Article VII hereof and the other restrictions and rights referred to in Section 2 of this Article.

Section 5. Easement for Provision of Certain Services. An easement is hereby established for municipal, public and private utilities, entities and organizations serving the Development over, upon, and across the Common Elements for setting, removing and reading utility meters, maintaining and replacing utility or drainage connections, providing trash collection services and acting with other purposes consistent with the public safety and welfare, including without limitation police, fire protection and animal control.

Section 6. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if Owners entitled to cast at least eighty percent (80%) of the votes of all the Owners agree in

writing to that action; provided that all the Owners of property to which any Limited Common Element is allocated shall agree in order to convey that Limited Common Element or subject it to a security interest. Distribution of proceeds of the sale of a Limited Common Element shall be as provided by agreement between the Owners to which it is allocated and the Association. Proceeds of the sale or financing of a Common Element (other than a Limited Common Element) shall be an asset of the Association. No conveyance or encumbrance of Common Elements may deprive any Owner of the right of access to such Owner's property located within the Development.

Section 7. Declarant's Approval of Conveyances or Changes in Use of Common Elements. The Association shall not, prior to December 31, 2020, without first obtaining the written consent of Declarant, convey, mortgage or change the use of Common Elements.

ARTICLE IV

ASSESSMENTS

Section 1. Covenant for Assessments. Declarant covenants, and each Owner, whether or not it shall be so expressed in the deed or other conveyance to such Owner, shall be deemed to covenant and agree to all the terms and provisions of this Master Declaration and to pay to the Association (i) Annual Assessments, (ii) Special Assessments, (iii) Segment Assessments, and (iv) fees, charges, late charges, fines, interest and other charges (including costs of collection and reasonable attorneys' fees) imposed or authorized to be collected by the Association pursuant to this Master Declaration, the Bylaws, rules and regulations of the Association, or applicable law, all of which shall constitute Assessments. Annual Assessments levied by the Association shall be used for the maintenance, repair, improvement, enhancement, enlargement and operation of the Common Elements, the payment of Common Expenses and the provision of services which the Association is authorized to provide. Special Assessments and Segment Assessments shall be used for the purposes provided herein. Any past due Assessment or installment thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as established by the Association, not to exceed the maximum rate allowed by law.

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

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

Section 4. Maximum Annual Assessment. The Maximum Annual Assessment, as set forth in the schedule below, and as may be increased pursuant to the provisions of subsection (c) below, shall be levied by the Association; provided that if the Executive Board determines that the important and essential functions of the Association may be properly funded by an Annual Assessments less than the maximum set out below, it may levy such lesser Annual Assessment. The levy of an Annual Assessment less than the Maximum Annual Assessment in any one year shall not affect the Executive Board's right to levy the Maximum Annual Assessment in subsequent years. If the Executive Board shall levy less than the Maximum Annual Assessment for any year and thereafter, during such year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Executive Board may levy a supplemental Annual Assessment. In no event shall the sum of the initial Annual Assessment and supplemental Annual Assessment for that year exceed the applicable Maximum Annual Assessment.

(a) Declarant shall pay all of the Common Expenses incurred through December 31, 2000. Thereafter, Declarant shall be obligated to pay Assessments on all property annexed into the Development and owned by Declarant in the same amount as the applicable Assessment paid by any other Owner for property of the same type.

(b) From and after January 1, 2001, the Maximum Annual Assessment shall be the amount set forth in, or the amount calculated in accordance with, the following schedule, as the same may be increased in each instance in accordance with the provisions of this section.

<u>Property Type</u>	<u>Maximum Annual Assessment</u>
Homesite (with or without improvements)	\$500.00 per Homesite
Residential Condominium Unit	\$500.00 per Unit
Unimproved Tract	\$250.00 per acre

In the event that Declarant annexes property constituting or including Marina Slips or Commercial Units into the Development, Declarant shall specify the Maximum Annual Assessment applicable to Marina Slips or Commercial Units at that time in an amendment to this Master Declaration.

(c) From and after January 1, 2002, the Maximum Annual Assessment may be increased each year by the Executive Board by up to twenty percent (20%) over the previous year. The Maximum Annual Assessment may be increased by more than

twenty percent (20%) over the previous year only upon an affirmative vote of at least sixty seven percent (67%) of the votes of each Class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) Any increase in the amount of the Maximum Annual Assessment shall be made in such a manner that the proportionate increase is the same for Homesites, Residential Condominium Units, Marina Slips, Commercial Units and Unimproved Tracts.

(e) Any time the actual Annual Assessment levied by the Association is less than the Maximum Annual Assessment, such differential shall be proportionate among the Owners of Homesites, Residential Condominium Units, Marina Slips, Commercial Units and Unimproved Tracts.

Section 5. Commencement of Annual Assessments; Due Dates; Late Fees. A Homesite, Residential Condominium Unit, Marina Slip or Unimproved Tract shall become subject to Assessments when a plat thereof has been recorded. A Commercial Unit shall become subject to Assessments upon the first to occur of (i) completion of construction, or (ii) issuance of a certificate of completion or occupancy by the applicable governmental authority. Procedures for calculating Annual Assessments, due dates and late fees shall be as follows:

(a) The Executive Board shall fix the amount of the Annual Assessment against each type of property as provided hereinabove, whereupon a list of the properties and Annual Assessments applicable thereto shall be prepared and shall be open to inspection by any Owner. Written notice of the Annual Assessments shall thereupon be sent to every Owner subject thereto.

(b) The due date(s) of the Annual Assessment, or installments thereof, shall be determined by the Executive Board.

(c) The Executive Board may set a late fee which shall be charged to Owners who have not paid an Assessment, or an installment thereof, within ten (10) days after the due date. Such late fee shall be charged on each subsequent due date until all Assessments are current.

(d) The Owner of any assessable property which changes from an Unimproved Tract to another category to another during an assessment year shall be billed an additional amount for the remainder of such year to reflect the category change.

(e) The Association shall, upon demand at any time, furnish to any Owner liable for Assessments a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. As to all but the Owner, such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 6. Reserve Funds. The Association may allocate a portion of the Annual Assessments to fund a reasonable operating expense surplus and to establish reserves for (a) major maintenance, repair and replacement of Common Elements, (b) emergency repairs and other expenses required as a result of storm, fire or other casualty, (c) capital improvements to the Common Elements, and (d) initial costs of any new service to be provided by the Association.

Section 7. Special Assessments. In addition to Annual Assessments as authorized in this Article, the Association may levy Special Assessments for the following purposes:

- (a) To construct, repair or replace capital improvements upon the Common Elements, including any fixtures and personal property related thereto;
- (b) To make additions to the Common Elements;
- (c) To provide for the necessary facilities and equipment to offer the services authorized herein;
- (d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and
- (e) For any other purpose deemed necessary or desirable by the Executive Board.

A Special Assessment, before being charged, must be approved by an affirmative vote of at least sixty seven percent (67%) of the votes of each Class of Members who are voting in person or by proxy, at a meeting duly called for this purpose. Subject to such approval, the Association may make one or more Special Assessments in any one year. The fact that the Association has made an Annual Assessment for an amount up to the permitted Maximum Annual Assessment shall not affect its right to make Special Assessments during the year. The amount of each Special Assessment to be paid by the Owners of the various types of assessable property shall be in the same proportion as the payment of Annual Assessments. Special Assessments shall be due and payable thirty (30) days from the date written notice thereof is sent to an Owner. The Executive Board may allow installment payments of Special Assessments.

Section 8. Segment Assessments. In addition to Annual Assessments and Special Assessments as authorized in this Article, the Association may levy Segment Assessments to be used for the benefit and/or operation of a particular portion or segment of the Development, the payment of which shall be borne by the Owners within such segment, subject to the following provisions:

- (a) Declarant shall have the right to establish a continuing Segment Assessment applicable to designated property in the Development by including provisions for such Segment Assessment in the amendment to this Master Declaration annexing such property.

(b) Except for Segment Assessments established by Declarant as aforesaid, a Segment Assessment can only be levied after a determination that the affected segment of the Development has such need of a particular addition or improvement as would justify the expenditure therefor by the Owners who would be assessed and who would enjoy the benefits of such improvement or addition and/or the operation thereof. Such Segment Assessment must be approved by an affirmative vote of at least sixty seven percent (67%) of the votes of the Owners of the property which would be subject thereto. The amount of each Segment Assessment to be paid by the affected Owners of the various types of assessable property shall be in the same proportion as the payment of Annual Assessments by such Owners. If such a Segment Assessment is made for an improvement or addition which requires a continuing Segment Assessment for maintenance and/or operational costs, then the Owners of property subject to the levy of the Segment Assessment may discontinue such Segment Assessment if a majority of such Owners so vote during the second or any subsequent year of such a continuing Segment Assessment. Should any costs result from the removal of any addition or improvement where a particular Segment Assessment is discontinued, such costs shall be funded by the Segment Assessment before its discontinuance.

Segment Assessments shall be due and payable thirty (30) days from the date written notice thereof is sent to an Owner. The Executive Board may allow installment payments of Segment Assessments.

Section 9. Remedies of Association for Nonpayment of Assessments.

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

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

Section 10. Exempt Property. The following interests in real property subject to this Master Declaration shall not be subject to any Assessment or lien provided for herein, solely by virtue of the such interest: (a) Common Elements; (b) drainage or utility easements; and (c) any

portion of the Development dedicated to and accepted by a local public authority. No land or improvements in the Development devoted to use for residential, commercial or boat slip purposes shall be exempt. No Owner of any property subject to Assessments may become exempt from liability for any Assessment levied against such Owner or such Owner's property by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of such property, or in any other way.

ARTICLE V

FUNCTIONS OF ASSOCIATION

Section 1. Maintenance of Common Elements. The Association, subject to the rights of the Owners set forth in this Master Declaration, shall be responsible for the management and control of the Common Elements (including furnishings and equipment used in connection therewith), and shall maintain them in good, clean, attractive, and sanitary condition, order and repair, pursuant to the terms and conditions hereof. These responsibilities shall include, but not be limited to, operation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping, structures and other improvements situated upon the Common Elements.

Section 2. Management Contracts. The Association may employ or contract for the services of a manager and delegate to such manager any or all of the powers and duties of the Association, except those which may be required by the Master Declaration to have approval of the Executive Board or the Owners; provided that any such management contract shall not exceed a term of one (1) year from its effective date (but may be renewed by agreement of the parties for successive one year periods) and shall be terminable upon not more than ninety (90) days written notice without cause.

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

Section 4. Sanctions for Violations. The Executive Board shall have authority to impose reasonable charges for late payment of assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Development) during any period that assessments or other amounts due and owing to the association remain unpaid for a period of thirty (30) days or longer. Further, the Executive Board shall have authority, after notice and an opportunity to be heard, to impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Development) for reasonable periods for violations of this Master Declaration, the Bylaws, or any rules and regulations of the Association. The

procedures for imposition of fines or suspension for privileges shall be as set forth in the Bylaws or as required by law.

Section 5. Services. The Association shall have authority, but shall not be required, to provide any or all of the following services:

- (a) Security and traffic control, including but not limited to maintenance of restricted entries and/or security gates, employment of police and security guards, maintenance of electronic and other security devices for the protection of property within the Development;
- (b) Lighting of entrances, streets, sidewalks and paths;
- (c) Storm water drainage;
- (d) Water, sewage and any necessary utilities not provided by a public body, private utility or Declarant;
- (e) Common television antenna or cable service;
- (f) Fire protection and prevention;
- (g) Garbage and trash collection and disposal;
- (h) Cleanup and maintenance of public properties which are located within or in such reasonable proximity to the Development as to affect the appearance of the Development;
- (i) Insect and pest control to the extent necessary to supplement any service provided by the public authorities;
- (j) Provision and/or operation of recreation or other facilities or programs of any nature serving the Owners;
- (k) Communication services informing Owners of activities, notice of meetings and referenda, incident to the above listed services;
- (l) Provision of any of the services listed above to a Sub-Association by contract with such Association;
- (m) Construction or replacement of improvements on Common Elements for use for any of the purposes listed above;
- (n) Exercise of any rights reserved by Declarant and assigned or transferred by Declarant to the Association; and

(o) Such other services as may be necessary or desirable in the judgment of the Executive Board to carry out the Association's obligations under the terms of this Master Declaration.

Any of the services listed above may be provided by the Association or by another Person with whom the Association contracts for such purpose. The Association shall be authorized, but not required, to own or lease such equipment, furnishings and improvements as necessary to provide any of such services.

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

(a) Commencing not later than the time of the first conveyance of a Homesite or Residential Condominium Unit to a Person other than Declarant, the Association shall maintain, to the extent reasonably available:

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

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

(b) The Association shall maintain fidelity coverage against dishonest acts by the Association's officers, employees and others who are responsible for handling funds of the Association. If the Association contracts with another Person to receive and disburse the monies of the Association, then such Person shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves, or such other amount as the Executive Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(c) To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such capacities on behalf of the Association.

(d) The Association shall maintain workers compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

(e) The Association may obtain insurance against such other risks as the Executive Board shall deem appropriate with respect to the Association's responsibilities and duties.

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

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

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

(2) The insurer waives its right to subrogation under the policy against any Owner or member of an Owner's household;

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

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

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

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

(j) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written

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

(k) Any portion of the Development for which insurance is required under subsection (a)(1) of this section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Association has been dissolved, (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of Owners assigned to any Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If any portion of the Common Elements is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Development, (ii) the insurance proceeds attributable to Limited Common Elements which are not rebuilt shall be distributed to the Owners to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to their Common Expense liabilities. Notwithstanding the provisions of this subsection, Section 47F-2-118 of the North Carolina General Statutes governs the distribution of insurance proceeds if the planned community is terminated.

Section 7. Maintenance Easement. The Association, its agents and representatives, shall have an easement upon, across, over, in and under all property located within the Development as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to this Master Declaration or by law. The Association shall not unreasonably interfere with the rights of the Owners in the exercise of this right.

Section 8. Borrowing by the Association. The Association, upon approval by the Executive Board, shall have the power and authority to borrow funds for use by the Association in performing its authorized functions; provided that the Common Elements shall not be mortgaged to secure any such loans without approval of the Owners as provided herein. Declarant may make loans to the Association, upon terms and conditions approved by Declarant in its sole discretion. Notwithstanding anything in this Master Declaration to the contrary, the Association shall not reduce the amount of the Annual Assessment below that provided as the Maximum Annual Assessment in Article IV hereof at any time there are outstanding any amounts due Declarant as repayment of any loans made by Declarant to the Association.

Section 9. Obligation of the Association. The Association shall not be obligated to carry out or offer any functions or services except as required by the provisions of this Master Declaration or by law. The functions and services carried out or offered by the Association at

any particular time shall be determined by the Executive Board taking into consideration the funds available to the Association and the needs of the Owners.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Purpose. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design and to protect and promote the value of the Property, each Homesite, Residential Condominium Unit, Marina Slip, Commercial Unit and Unimproved Tract in the Development, and all improvements located thereon, including landscaping, shall be subject to the restrictions set forth in this Article. Each and every grantee of any interest to any property within the Development, by acceptance of a deed or other conveyance of such interest, agrees and shall be bound by the provisions of this Article.

Section 2. Architectural Control Committee. The Association shall have an Architectural Control Committee. The Architectural Control Committee shall consist of not less than three (3) members, who shall be appointed by and shall serve at the pleasure of the Executive Board. The Architectural Control Committee is hereby authorized to retain the services of consulting architects, engineers, inspectors, landscape architects, attorneys and any other professionals it deems appropriate in order to advise and assist it in performing its functions under this Article. The members of the Architectural Control Committee may be paid a stipend or honorarium as established from time to time by the Executive Board.

Section 3. Architectural Design Standards and Guidelines. The Architectural Control Committee may adopt, establish and publish, from time to time, Architectural Design Standards and Guidelines. Said Guidelines shall not be inconsistent with this Master Declaration but shall more specifically define and describe the design standards for the Development and the various uses within the Development. The Architectural Design Standards and Guidelines may be modified or amended from time to time by the Architectural Control Committee. All prospective Owners and builders are advised to contact the Architectural Control Committee to obtain the most current copy of the Guidelines.

Section 4. Plan Approval Required. No site preparation, excavation, changes in grade, landscaping or initial construction, erection, alteration or installation of any improvements (including, but not limited to, dwellings, outbuildings, driveways, fences, walls, signs, antennas, mailboxes, post lamps or other structures or ornamental features) shall be undertaken or allowed to remain upon any property in the Development unless the plans, elevations and specifications therefor, showing the nature, kind, shape, height, materials, color scheme and location of the proposed improvements and/or landscaping shall have been submitted to the Architectural Control Committee and expressly approved in writing. Plans submitted for construction of initial improvements must contain details of any driveway(s) serving the property to be improved. No subsequent alteration, modification or installation of additional improvements or landscaping shall be undertaken or allowed to remain without the review and express written approval of the Architectural Control Committee. Prior to occupancy of a structure in the

Development, a certificate of final approval must be obtained from the Architectural Control Committee. The Architectural Control Committee or its agents shall have the right to inspect all construction to insure that the same is in accordance with the approved plans, specifications and details. These required approvals are in addition to those required by public authorities.

Section 5. Architectural Review Process. As more particularly provided in the Architectural Design Standards and Guidelines and/or the protective covenants applicable to a particular section of the Development, there shall be submitted to the Architectural Control Committee for review a complete application including at least two (2) complete sets of the final plans and specifications for any and all proposed improvements and landscaping. The Architectural Control Committee shall approve or disapprove of such plans and specifications within sixty (60) days from receipt of a complete application. One copy thereof shall be retained by the Architectural Control Committee for its permanent files and the other set(s) of said plans and specifications and details, with the approval or disapproval endorsed thereon, shall be returned to the Person submitting them. In the event that the Architectural Control Committee fails to approve or disapprove any of the foregoing within sixty (60) days after a complete application has been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully satisfied with respect to the plans and specifications submitted; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Control Committee if they contain erroneous data or fail to present full and adequate information upon which the Architectural Control Committee can arrive at a decision. The Architectural Control committee shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of this Master Declaration, any applicable protective covenants, or the Architectural Design Standards and Guidelines, or if the design features or color schemes of the proposed improvements or landscaping are not in harmony with the general surroundings of the subject property or with the standards of the Development.

Section 6. Organization and Operation of Architectural Control Committee. For so long as Declarant has the right to appoint a majority of the Executive Board, Declarant shall appoint the Chairperson. Upon termination of such right, the Chairperson shall be appointed annually by the Executive Board. The Chairperson shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the Architectural Control Committee prior to any meeting. Such notice shall set forth the time and place of said meeting, which notice may be waived by any member. In the absence of a Chairperson, the parties appointing or electing the Chairperson may appoint or elect a successor, or if the absence is temporary, a temporary successor. The affirmative vote of a majority of the members of the Architectural Control Committee present at a duly called meeting shall govern its actions and be the act of the Architectural Control Committee. A quorum shall consist of a majority of the members.

Section 7. Expenses. Except as hereinafter provided, all expenses of the Architectural Control Committee shall be paid by the Association. The Architectural Control Committee shall have the right to charge Owners filing fees and to require a construction bond or deposit for each application submitted to it for review, in amounts established from time to time, and such amounts shall be collected by the Architectural Control Committee at the time the application is submitted and remitted to the Association to help defray the expenses of the Committee's operation. Filing fees and construction bonds or deposits may vary depending on the classification of the property.

Section 8. Limitation of Liability. The Architectural Control Committee shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the Architectural Control Committee, nor any individual member thereof, shall be liable to any person for any official act of the Architectural Control Committee in connection with submitted plans and specifications, except to the extent the Architectural Control Committee or any individual member thereof acted with malice or wrongful intent. Approval by the Architectural Control Committee does not necessarily assure approval by any governmental authority. Notwithstanding that the Architectural Control Committee has approved plans and specifications, neither the Architectural Control Committee nor any of its members shall be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval or the construction of the improvements. Neither the Executive Board, the Architectural Control Committee, Declarant nor any of their respective members, managers, employees, agents or consultants, shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions hereof, or for any structural or other defects in any work done according to such plans and specifications. In all events the Architectural Control Committee shall be defended and indemnified by the Association in any such suit or proceeding. The Association, however, shall not be obligated to indemnify a member of the Architectural Control Committee if such member shall be adjudged to be liable for gross negligence or misconduct in the performance of his or her duty as a member of the Architectural Control Committee, unless and only to the extent that the court in which such action or suit may be brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification.

Section 9. Maintenance of Property. Each Owner, to the extent not provided by a Sub-Association of which the Owner is a member, shall be responsible for the repair, maintenance and upkeep of such Owner's property, whether improved or unimproved, including but not limited to all structures, vegetation, landscaping, fences, driveways, glass surfaces, window and door screens, patios, decks, basement and crawl space areas, and any exterior alterations approved by the Architectural Control Committee pursuant to the provisions of this Article; provided, however, that the external appearance of such repairs, maintenance and upkeep shall be subject to the regulation and control of the Executive Board and the Architectural Control Committee. Should an Owner or Sub-Association fail to discharge its repair, maintenance or upkeep responsibilities in a reasonable and prudent manner harmonious with that of other property within the Development (as determined by the Executive Board in its sole and absolute discretion), the Association shall provide such Owner or Sub-Association written notice of such deficiency. If the problem has not been remedied within a reasonable time

(as determined by the Executive Board in its sole and absolute discretion), the Association shall have the right to cause such repair, maintenance and upkeep to be performed and to charge the cost thereof as a part of and in addition to the Assessments attributable to such property.

Section 10. Removal of Nonconforming Improvements. The Association, upon request of the Architectural Control Committee and after reasonable notice to the offender and to the Owner, may remove any improvements or landscaping constructed, reconstructed, refinished, altered, or maintained in violation of the provisions of this Article, and the Owner thereof shall forthwith reimburse the Association for all expenses incurred in connection therewith, which expenses shall constitute an Assessment attributable to such property.

ARTICLE VII

DECLARANT'S RIGHTS AND RESERVATIONS

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

Section 2. Declarant's Rights to Use Common Elements. Declarant shall have and hereby reserves the right to reasonable use of the Common Elements and of services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties within the boundaries of the Property. Without limiting the generality of the foregoing, Declarant may: (a) erect and maintain on any part of the Common Elements such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper; (b) use a portion of any clubhouse or other structure constituting Common Elements for office space for administrative, development, construction, sales and/or leasing purposes; (c) use vehicles and equipment on the Common Elements for development, construction and promotional purposes; (d) permit prospective purchasers of properties within such boundaries, who are not Owners, to use or enter Common Elements at reasonable times and in reasonable numbers; and (e) refer to the Association and to the Common Elements and services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties within such boundaries.

Section 3. Declarant's Rights to Complete Development. No provision of this Master Declaration shall be construed to prevent or limit Declarant's rights, or require Declarant to obtain approval of the Association or the Architectural Control Committee, to: (a) complete the development, construction, promotion, marketing, sale and leasing of the Property; (b) excavate, cut, fill or grade any property owned by Declarant; (b) construct, alter, remodel,

demolish or replace any improvements on any property owned by Declarant; (c) maintain model homes and/or offices for administrative, development, construction, sales and/or leasing purposes or similar facilities on any property owned by Declarant or by the Association; or (d) post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within the Property.

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

Section 5. Easements for Use of Additional Property. Declarant reserves to itself, its successors and assigns, a perpetual, nonexclusive easement over, upon, and across the Common Elements for ingress and egress, for development and construction purposes, and for the installation and maintenance of drainage facilities and utilities, together with the right to create other reservations, exceptions and exclusions convenient or necessary for the development, use and operation of the Additional Property, or any portion thereof, other than as part of the Development, which nonexclusive easement and rights may be assigned in whole or in part.

Section 6. Easement for Recreational Facilities. Declarant reserves to itself, its successors and assigns, and for the benefit of any Person developing or owning any recreational facilities which serve the Development but are not Common Elements, including but not limited to tennis courts, clubhouses, and swimming pools, whether located within or without the Development, nonexclusive rights and easements of access and use of all streets, roadways, paths and walkways located within the Development reasonably necessary for the construction, maintenance, operation, access and use of any such recreational facilities. Declarant reserves the right to grant or deed such easement rights to any Person or entity developing recreational facilities and to impose such additional restrictions on such easements at that time and from time to time as may be reasonably required to effectuate the purposes of such easements. The reservation of these easements is made for the benefit of Declarant, the developer of such recreational facilities, the members and invited guests of any club associated with such facilities, and for the associated maintenance and service personnel. Nothing herein shall be construed as a requirement or representation that any recreational facilities will be constructed by Declarant or any other Person.

ARTICLE VIII

ANNEXATION AND AMENDMENTS

Section 1. Annexation by Declarant. Declarant reserves the right, but shall not be obligated, to expand the Development by annexation to include all or part of the Additional Property. Such expansion may be accomplished by recording an amendment to this Master Declaration in the records of Brunswick County, North Carolina, on or before December 31, 2020, describing the real property to be annexed and subjecting it to the provisions of this Master Declaration. Such amendment shall not require the consent of any Owners or the Association. Any such annexation shall be effective upon the filing for record of such amendment. The annexation may be accomplished in phases by successive amendments or in one amendment. Upon the recordation of any such amendment, the definitions used in this Master Declaration shall be expanded automatically to encompass and refer to the Development as expanded. Such amendment may add, delete, or modify provisions of this Master Declaration as it applies to the property being annexed. Declarant shall have the unilateral right to transfer to any other Person the right to expand which is herein reserved, by an instrument duly recorded. This Master Declaration may not be modified with respect to property which is already part of the Development, except as provided herein for amendment.

Section 2. Annexation by Owners. The Owners shall have the right to annex any property into the Development at any time, with the consent of the owner(s) of such property, by an affirmative vote of, or written agreement signed by, Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated; provided that any such annexation prior to December 31, 2020 shall require the written consent of Declarant.

Section 3. Amendments by Declarant. Prior to the first conveyance of a Homesite, Residential Condominium Unit or Unimproved Tract to an Owner other than Declarant, Declarant may unilaterally amend this Master Declaration. After such first conveyance, Declarant may unilaterally amend this Master Declaration so long as Declarant still owns any portion of the Development or Additional Property, and so long as the amendment has no material adverse effect upon the substantive rights of any Owner. No amendment required by any governmental authority, or to correct obvious typographical or drafting errors or inconsistencies, shall be deemed material. Declarant, for so long as it shall retain control of the Executive Board, and thereafter the Executive Board, may amend this Master Declaration as shall be necessary, in its opinion and without the consent of any Owner, in order to qualify the Association for tax exempt status under any applicable laws or regulations.

Section 4. Amendment by Owners. Except as otherwise provided in this Article, this Master Declaration may be amended only by the affirmative vote of, or written agreement signed by, Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated; provided that any such amendment prior to December 31, 2020 shall require the written consent of Declarant. If an Owner consents to any amendment to this Master Declaration, it will be conclusively presumed that such Owner has the authority to give such consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment may remove, revoke or modify

any right or privilege of Declarant or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by a Mortgagee or impair the rights granted to Mortgagees herein without the prior written consent of such Mortgagees.

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

Section 6. Effect and Validity of Amendments. In order to be effective, any amendment to this Master Declaration must be recorded in the Brunswick County Registry. All amendments shall be effective from the date of recordation. When any instrument purporting to amend this Master Declaration has been executed by Declarant or certified by the Executive Board, as applicable, and recorded as provided in this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment.

ARTICLE IX

GENERAL PROVISIONS

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

Section 2. Transfer of Declarant's Rights. Any or all of the rights and obligations of Declarant may be assigned and transferred to one or more other Person(s), at any time or from time to time, pursuant to a written instrument executed by Declarant and recorded in the Brunswick County Registry.

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

Section 4. Waiver of and Consent to Violations. Where approval authority is specifically granted to the Architectural Control Committee herein, the Architectural Control Committee may waive a violation of a covenant, condition or restriction by appropriate

instrument in writing. Otherwise, Declarant may waive any violation of the covenants, conditions and restrictions set forth herein, or release any of the easements reserved herein, by appropriate instrument in writing.

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

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

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

Section 8. Rights of Lenders and Insurers of First Mortgages. "Institutional Lender," as the term is used herein, shall mean and refer to banks, mortgage companies, other firms or entities customarily affording loans secured by first liens on real property, and eligible insurers and governmental guarantors. So long as any Institutional Lender shall hold any first lien upon any property within the Development, or shall be an Owner, such Institutional Lender shall have, upon written request therefor, the following rights: (a) to inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association; (b) to be given notice by the Association of the call of any meeting of the Owners to be held for the purpose of considering any proposed amendment to this Master Declaration, the Articles of Incorporation or Bylaws or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association; (c) to receive notice of any condemnation loss or casualty loss which affects a material portion of the Common Elements; (d) to be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (e) to have the right to approve of any alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article III hereof; (f) to be given notice of any delinquency in the payment of any Assessment (which remains uncured for a period of thirty (30) days) by any Owner of property encumbered by a mortgage held by the Institutional Lender, such notice to be given in

writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing. The Association shall keep a separate register of all Institutional Lenders who have made written request pursuant to this Section.

Section 9. Term. The covenants, conditions and restrictions set forth herein shall run with the land and shall be binding on all owners of such property and all persons claiming under them for a period of thirty (30) years from the date that this instrument is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument in writing, signed by Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to terminate the same. The easements reserved herein shall run with the land and shall be binding on all owners of such property and all persons claiming under them, except to the extent that an easement has been released by Declarant or an assignee thereof pursuant to a recorded release.

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

Section 11. Applicable Laws. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of: (a) all applicable zoning, subdivision and other laws, ordinances and regulations of local, state and federal authorities with jurisdiction over the Development, as the same may be amended or modified from time to time; and (b) all conditions imposed on the Development by any such public authorities.

[Remainder of Page Intentionally Left Blank]

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



SeaScape at Holden Plantation, Inc.

By: *Mark A. Saunders*
Mark A. Saunders, President

NORTH CAROLINA

BRUNSWICK COUNTY

I, *Nancy E. Forrest*, a Notary Public of said County and State, certify that MARK A. SAUNDERS personally came before me this day and acknowledged that he is President of SeaScape at Holden Plantation, Inc., a corporation, and that he, as President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal, this the *10th* day of *December*, 1999.

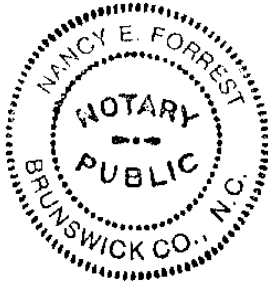
(Notary Seal)

Nancy E. Forrest
Notary Public

My Commission Expires:

5-3-2003

Inst # 32332 Book 1347Page: 301



Branch Banking and Trust Company, as holder of promissory notes secured by deeds of trust on the property described in this Master Declaration of Covenants, Conditions, Restrictions and Easements, said deeds of trust being recorded in Book 1293, Page 373 and Book 1340, Page 179, Brunswick County Registry, and the undersigned substitute trustee under said deeds of trust, join in the execution hereof for the purpose of subordinating and subjecting said deeds of trust to this Master Declaration.

BRANCH BANKING AND TRUST COMPANY

By: Robert F. Cox, Jr.

~~Assistant~~ Vice President

Robert F. Cox, Jr.

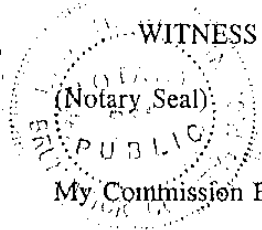
Substitute Trustee



NORTH CAROLINA - BRUNSWICK COUNTY

I, LISA H. Anglin, a Notary Public of said County and State, certify that Robert F. Cox, Jr. personally came before me this day and acknowledged that he/she is an ~~Assistant~~ Vice President of BRANCH BANKING AND TRUST COMPANY, a corporation, and that he/she as Assistant Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal, this 10th day of December, 1999.



Lisa H. Anglin

Notary Public

My Commission Expires: May 30, 2001

NORTH CAROLINA - BRUNSWICK COUNTY

I, LISA H. Anglin, a Notary Public of said County and State, certify that Robert F. Cox, Jr., Substitute Trustee, personally appeared before me

Exhibit "A"
to
Master Declaration of
Covenants, Conditions, Restrictions and Easements
for SeaScape at Holden Plantation

Property Included in the Development

Being all of the property shown on those plats entitled **Section A, Phase One,**
SeaScape at Holden Plantation, and recorded in Map Cabinet 22,
Pages 146, 147, 148, 149 Brunswick County Registry.
and 150

Exhibit "B"
to
Master Declaration of
Covenants, Conditions, Restrictions and Easements
for SeaScape at Holden Plantation

Additional Property Subject to Annexation

Being all of those tracts or parcels of land located in Lockwood Folly Township, Brunswick County, North Carolina, and more particularly described as follows:

First Tract: BEING all of Tract 1, containing 501.55 acres, more or less, as more particularly described in a survey dated 7 April 1999 consisting of six (6) pages entitled "Boundary Survey for James Cecil Holden", prepared by Christopher D. Stanley, R.L.S., and recorded in Map Cabinet 21 at Pages 95 through 100, inclusive, in the office of the Register of Deeds for Brunswick County, North Carolina, to which plat reference is made and which is incorporated herein for greater certainty of description of said property.

Second Tract: BEING all of Tract 3, containing .95 acre, more or less, as more particularly described in a survey dated 7 April 1999 consisting of six (6) pages entitled "Boundary Survey for James Cecil Holden", prepared by Christopher D. Stanley, R.L.S., and recorded in Map Cabinet 21 at Pages 95 through 100, inclusive, in the office of the Register of Deeds for Brunswick County, North Carolina, to which plat reference is made and which is incorporated herein for greater certainty of description of said property.

Together with all other lands located within two (2) miles of any point on the perimeter of the above described property.