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Onslow County, NC
Rebecca L. Pollard Reg. of Deeds

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DECLARATION OF
CAROLINA PLANTATIONS
A PLANNED DEVELOPMENT LOCATED IN
ONslow COUNTY, NORTH CAROLINA

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DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
CAROLINA PLANTATIONS

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DECLARATION OF CAROLINA PLANTATIONS

THIS DECLARATION OF CAROLINA PLANTATIONS, A Planned Development ("Declaration") is made this 07th day of July, 2010, by CAROLINA PLANTATION DEVELOPMENT CORPORATION, a North Carolina corporation (herein referred to as the "Declarant").

WHEREAS, Declarant is the owner in fee simple of the real property described in Exhibit A, which is attached hereto and incorporated herein by reference, and desires to create a planned community pursuant to the provisions of Chapter 47F of the General Statutes of North Carolina (the "Act"); and to subject the Property (as defined in Article 1) to mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the property described on Exhibit A and any additional property the Declarant elects to subject to this Declaration pursuant to the terms herein; and to establish a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of said Property; and,

WHEREAS, Declarant hereby declares that all of the property described in Exhibit A, and any additional property subjected to this Declaration by Supplemental Declaration (as defined in Article 1), shall be held, sold, used and conveyed subject the Act and to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the desirability of, and which shall run with, the real property subjected to this Declaration. No real property other than the property described on Exhibit A is subject to this Declaration until explicitly made subject to this Declaration by Supplemental Declaration. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title, or interest in the property described in Exhibit A or any part thereof, their heirs, successors, successors-in-title, and assigns.

Article 1. Definitions.

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

1.1 "Act": Chapter 47F of the General Statutes of North Carolina designated as the North Carolina Planned Community Act.

1.2 "Additional Property": Any property Declarant may subject to the Declaration pursuant to Article 9.

1.3 "Area of Common Responsibility": The Common Elements, together with those areas, if any, which by the terms of this Declaration, any Supplemental Declaration or other applicable covenants, or by contract become the responsibility of the Master Association, including by way of illustration but not limitation, Stormwater Management Facilities, rights-of-way, entry gates and features, and conservation areas.

1.4 "Articles": The Articles of Incorporation of Carolina Plantations Owners Association, as filed with the North Carolina Secretary of State.

1.5 "Association Documents": Collectively the Articles of Incorporation of the Master Association, the Bylaws of the Master Association, this Declaration, any Supplemental Declaration as may be applicable to separate portions of the Property, the Rules and Regulations, and any resolutions adopted by the Board, all as may be amended, restated and revised from time to time. Any exhibit, schedule or amendment to an Association Document shall be considered a part of that document.

1.6 "Base Assessment": Assessments levied on all Lots to fund the Common Expenses. During the Development Period, no Base Assessment shall be imposed on Lots owned by Declarant.

1.7 "Benefited Assessment": Assessments levied under Section 10.7.

1.8 "Board of Directors" or "Board": The body responsible for administration of the Master Association selected as provided in the Bylaws.

1.9 "Builder": Any Person designated by Declarant as a Builder, who purchases one or more Lots for the purpose of constructing Units for resale to consumers in the ordinary course of its business, or who purchases one or more parcels of land within the Property for further subdivision, development, and/or resale in the ordinary course of its business.

1.10 "Bylaws": The Bylaws of the Master Association as they may be amended from time to time.

1.11 "Common Elements": All real and personal property in which the Master Association now or hereafter owns, leases or otherwise holds possessory or use rights for the common use and enjoyment of the Owners, including easements held by the Master Association for those purposes. The term shall include, without limitation, any Recreational Facilities (if constructed by Declarant and transferred to the Master Association as provided in Section 2.2), and landscape medians, roads, cul-de-sacs, lakes, ponds, rivers, streams, wetlands and preservation areas transferred or conveyed to the Master Association. The term shall also include any and all permits and other such intangible property including, but not limited to, the Permit (as defined below).

Notwithstanding this definition, Section 47F-3-112 of the Act, which requires certain membership approval and certain procedures to convey portions of common elements, shall apply only to those portions of the Common Elements included in real estate owned or leased by the Master Association other than Lots.

1.12 "Common Expenses": Any and all expenditures made by or financial liabilities and obligations of the Master Association, together with any allocations to reserves.

1.13 "Covenant to Share Costs": Any declaration of easements and covenant to share costs executed by Declarant and recorded in the Register of Deeds which creates easements for the benefit of the Master Association and the present and future owners of the real property subject to the Declaration and which obligates the Master Association and such owners to share the costs of maintaining certain property described therein.

1.14 "Declarant": Carolina Plantation Development Corporation, a North Carolina corporation, and any successor, successor-in-title, or assignee thereof, who is designated as Declarant in an instrument executed by the immediately preceding Declarant and recorded in the Register of Deeds. There may be multiple Declarants in the event that the Declarant elects to assign a portion of the Declarant rights hereunder to another party.

1.15 "Declaration": This Declaration, including any exhibit, schedule or amendment thereto, and any Supplemental Declaration, all as may be amended, restated and revised from time to time.

1.16 "Development Period": The period ending on the earliest of (a) thirty (30) years from the date this Declaration is recorded in the Register of Deeds; provided, that if Declarant is delayed in the improvement and development of the Property as a result of a sewer, water or building permit moratorium or other cause or event beyond Declarant's control, then the aforesaid period shall be extended for the length of the delay plus an additional two (2) years upon written notice to the Master Association of such extension; or (b) the date specified by Declarant in a recorded instrument executed by all then current Declarants that the Development Period is to terminate on that date so stated.

1.17 "Improved Lot": A Lot containing a Unit for which a Certificate of Occupancy (temporary, conditional or final) has been issued.

1.18 "Landscaping": Living plants, shrubs, trees, vegetation, ground coverings (including grass and sod) and appurtenant live/growing vegetative materials, straw, mulches, composting materials, pools (other than swimming pools), ornamental ponds, ornamental structures and any other living or non-living material or structure reasonably constituting a part of any or all of the foregoing installed upon a Lot.

1.19 "Limited Common Elements": A portion of the Common Elements allocated by this Declaration or by operation of law for the exclusive use of one (1) or more but fewer than all of the Lots. Limited Common Elements may also be shown on any Recorded Plat.

1.20 "Lot": A portion of the Property, whether improved or unimproved, other than Common Elements and property dedicated to the public, which may be independently owned and conveyed and which is separately identified on a Recorded Plat. The term shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Unit, thereon. In the case of any structure containing multiple Units, each Unit shall be deemed to be a separate Lot.

For all purposes set forth in the Association Documents, a Lot comes into existence upon the recordation in the Register of Deeds of the last to occur of: (i) a Recorded Plat depicting said Lot or (ii) a Supplemental Declaration defining and subjecting the proposed Lot to this Declaration.

1.21 "Master Association": Carolina Plantations Owners Association, a North Carolina nonprofit corporation, its successors and assigns.

1.22 "Master Plan": The master plan for the development of the Property filed with the City of Jacksonville and/or Onslow County, as it may be amended, updated, or supplemented from time to time, which plan includes the property described on Exhibit A. The Master Plan may also include subsequent plans approved by **City** of Jacksonville and/or Onslow County, for the development of any Additional Property which Declarant may from time to time anticipate subjecting to this Declaration. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration. The exclusion of property from the Master Plan shall not bar it from later being made subject to this Declaration in accordance with Article 9.

1.23 "Member": A Person having membership in the Association consistent with Section 3.2 of this Declaration.

1.24 "Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security deed encumbering a Lot.

1.25 "Mortgagee": A beneficiary or holder of a Mortgage.

1.26 "Nonresidential Unit": Any building or structure or portion of a building or structure situated upon any Lot or within the Property which is intended for independent ownership, development and use for any permitted nonresidential purpose including, without limitation, offices, retail stores, neighborhood businesses and other such uses to the extent that the same are permitted by applicable zoning regulations and ordinances to which the Property is subject.

1.27 "Owner": One or more Persons who hold the record title to any Lot, except Persons holding an interest merely as security for the performance of an obligation in which case the equitable owner will be considered the Owner.

1.28 "Permit": All North Carolina Stormwater Management Permits applicable to the Property, including without limitation North Carolina Stormwater Management Permit No. SW8100510, and any additional future North Carolina Stormwater Management Permits applicable to the Property, and any amendments, additions or replacements thereof.

1.29 "Person": A natural person, corporation, limited liability company, partnership, trustee, or any other legal entity.

1.30 "Project": The Carolina Plantations Development located on the Property.

1.31 "Property": The real property described in Exhibit A, together with such Additional Property that is subjected to this Declaration in accordance with Article 9 and excluding any real property withdrawn from the encumbrance of this Declarant in accordance with Article 9.

1.32 "Recorded Plat": Any and all maps and plats recorded in the Register of Deeds depicting portions of the Property subject to this Declaration, including without limitation that certain "CROWN PARK SECTION I AT CAROLINA PLANTATIONS A PLANNED RESIDENTIAL DEVELOPMENT" recorded in Map Book 60, at Page 88 in the Register of Deeds.

1.33 "Register of Deeds": The office of the Register of Deeds of Onslow County, North Carolina.

1.34 "Residential Unit": Any building or structure or portion of a building or structure situated upon a Lot which is intended for use and occupancy as an attached or detached residence for a single family, including by way of illustration but not limitation, townhomes, condominium units, cluster homes, patio or zero lot line homes, and single family detached houses.

1.35 "SEC Permit": All North Carolina Sedimentation and Erosion Control Permits, including without limitation North Carolina Sedimentation and Erosion Control Permit for Project ID: ONSLO-2010-073 and any additional future Sedimentation and Erosion Control Permits applicable to the Property, including any and all amendments, modifications and replacements thereof.

1.36 "Special Assessment": Assessments levied under Section 10.6.

1.37 "Stormwater Management Facilities": All areas consisting of ditches and swales, retention ponds and other improvements which are constructed pursuant to, and regulated by, the Permit.

1.38 "Subsidiary Association": In addition to the Master Association, there will be created subsidiary associations associated with distinct neighborhoods or sections of the Property. Owners of Lots who are members of Subsidiary Associations within the Property shall also be Members of the Master Association and shall be entitled to all rights and subject to all obligations granted and created pursuant to the Master Association.

1.39 "Supplemental Declaration": An amendment or supplement to this Declaration filed pursuant to Article 9 which subjects additional property to this Declaration and identifies the Common Elements within the additional property, if any, and/or imposes, expressly or by reference, additional obligations and use restrictions on the land described therein. Supplemental Declarations may, but are not required to, establish Subsidiary Associations.

1.40 "Unimproved Lot": A Lot other than an Improved Lot.

1.41 "Unit": An inclusive term referring to both Residential and Nonresidential Units, or to any one of them.

1.42 "Upkeep": Care, inspection, maintenance, operation, irrigation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

1.43 "Utility Company": A public or private company or entity duly licensed and authorized by the North Carolina Utilities Commission to provide utility services within a specified franchise area and any entity providing utility services on behalf of a body politic, municipality or other governmental body or entity.

Article 2. Property Rights.

2.1 Common Elements: Every Owner shall have a right and nonexclusive easement, in common with all other Owners, of use, access, and enjoyment in and to the Common Elements, subject to:

- (a) The Association Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Master Association;
- (c) All applicable provisions of the Act;
- (d) The right of the Declarant and Board to adopt rules, regulations or policies regulating the use and enjoyment of the Common Elements as described in Section 12.2 herein, including rules restricting use of Recreational Facilities (as hereinafter defined) within the Common Elements to Owners, their families, lessees and guests, and rules limiting the number of occupants and guests who may use the Common Elements;
- (e) The right of the Declarant or Master Association to dedicate or transfer all or any part of the Common Elements to governmental entities pursuant to Section 4.3;
- (f) The right of the Master Association to impose reasonable membership requirements and charge reasonable membership, admission, or other fees for the use of any Recreational Facility or other improvements situated upon the Common Elements;
- (g) The right of the Master Association to permit use of any Recreational Facilities situated on the Common Elements by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(h) The right of the Declarant and Master Association to create, enter agreements with, grant easements to and transfer portions of the Common Elements to tax-exempt organizations under Section 4.9;

(i) The right of the Master Association to suspend the privilege of an Owner to use Recreational Facilities, if any are constructed within the Common Elements.

(j) The right of the Master Association to rent or lease Recreational Facilities within the Common Elements on a short-term basis to any Owner for the exclusive use of such Owner and such Owner's family and guests.

2.2 Recreational Facilities. Declarant may, but has no obligation to, construct swimming pools, community center/clubhouses, tennis courts, and other recreational improvements and facilities within the Common Elements (only such facilities that are constructed on Common Elements owned by the Master Association and are explicitly dedicated as such by the Declarant are included in the defined term "Recreational Facilities" as used herein). If constructed, the Recreational Facilities will be provided for the benefit of Owners of Residential Units (other than Builders), their families, tenants and guests within the Property. During the Development Period, the Declarant, and thereafter the Master Association, may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony and preservation of any such Recreational Facilities. The Recreational Facilities shall be maintained as part of the Common Elements. The cost of the management, operation, maintenance, repair, servicing, replacement and renewal of the Recreational Facilities shall be deemed Common Expenses as to all Owners who have the right of access to and use of said Recreational Facilities.

Article 3. Master Association Function, Membership and Voting Rights.

3.1 Function of Master Association. The Master Association shall be the entity responsible for management, Upkeep, operation and control of the Area of Common Responsibility. The Master Association shall be the primary entity responsible for enforcement of the Association Documents. The Master Association shall perform its functions in accordance with the Association Documents and North Carolina law. Subject to the limitations in this Section 3.1, the Master Association shall have all powers reasonably necessary to perform its functions and obligations described in the Association Documents including, but not limited to, all powers set forth in N.C. Gen. Stat. Chapter 55A and the Act.

3.2 Membership. Every Owner shall be a Member of the Master Association. If a Lot is owned by more than one Person, all co-Owners shall be Members and share the privileges of such membership, subject to reasonable Board regulation, and the restrictions on voting set forth in Section 3.3 and in the Bylaws. All such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Master Association.

3.3 Voting.

(a) All Owners shall have one (1) equal vote for each Lot in which they hold the interest required for membership under Section 3.2; provided there shall be only one (1) vote per Lot.

(b) Declarant may, by Supplemental Declaration, create additional classes of membership for the Owners of Lots within any Additional Property made subject to this Declaration, with such rights, privileges and obligations as may be specified in such Supplemental Declaration in recognition of the different character and intended use of the property subject to such Supplemental Declaration.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the Bylaws or as required by law, the vote for each Lot owned by a Member shall be exercised by the Owner. In any situation in which there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Master Association in writing prior to any meeting. Absent such notice to the Master Association, the Lot vote shall be suspended if more than one Person seeks to exercise it. If the co-Owners are unable to agree on how the vote should be cast, it will be disregarded.

Article 4. Master Association Rights, Obligations and Services.

4.1 Personal Property and Real Property for Common Use. The Master Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Master Association improved or unimproved real estate located within the Property, personal property and leasehold and other property interests. Upon each and every such conveyance, such property shall be accepted by the Master Association and thereafter shall be maintained as Common Elements by the Master Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed.

4.2 Implied Rights; Board Authority. The Master Association may exercise any right or privilege given to it expressly by the Master Association Documents or which may be reasonably implied from, or reasonably necessary to effectuate, any such right or privilege. Except as otherwise specifically provided in the Master Association Documents, or by law, all rights and powers of the Master Association may be exercised by the Board without a vote of the membership.

4.3 Dedication of Common Elements. During the Development Period, the Declarant, and thereafter the Master Association, may dedicate or grant easements over portions of the Common Elements to any local, state, or federal governmental entity or any Utility Company.

4.4 Disclaimer of Liability. The Master Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to promote the health, safety and welfare of Owners and occupants of any Lot.

(a) Notwithstanding anything contained herein or in the Master Association Documents or the Act, neither the Master Association, the Board, the management company of the Master Association, nor Declarant(s) shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or occupant of any Lot or any tenant, guest or invitee of any Owner or occupant or for any property of any such Persons. Each Owner and occupant of a Lot and each tenant, guest and invitee of any Owner or occupant shall assume all risks associated with the use and enjoyment of the Property, including all Recreational Facilities.

(b) Neither the Master Association, the Board, the management company of the Master Association, nor Declarant(s) shall be liable or responsible for any personal injury, illness or any other loss or damage caused by the presence or malfunction of utility lines or utility sub-stations adjacent to, near, over, or on the Property. Each Owner and occupant of a Lot and each family member, tenant, guest, and invitee of any Owner or occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence of utility lines or utility sub-stations and further acknowledges that the Master Association, the Board, the management company of the Master Association, Declarant or any successor Declarant have made no representations or warranties, nor has any Owner or occupant, or any family member, tenant, guest, or invitee of any Owner or occupant relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility sub-stations.

(c) Each Owner and occupant, and each family member, tenant, guest and invitee of any Owner or occupant acknowledges that the Property is located in the vicinity of wetland and swamp areas and that such areas may contain an abundance of wildlife, including deer, skunks, opossums, snakes, alligators, reptiles, rodents and pests. Neither the Master Association, the Board, the management company of the Master Association, Declarant, nor any successor Declarant shall be liable or responsible for any personal injury, illness or any other loss or damage caused by the presence of such wildlife on the Property. Each Owner and occupant of a Lot and each family member, tenant, guest, and invitee of any Owner or occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence of such wildlife and further acknowledges that the Master Association, the Board, the management company of the Master Association, if any, Declarant or any successor Declarant have made no representations or warranties, nor has any Owner or occupant, or any family member, tenant, guest, or invitee of any Owner or occupant relied upon any representations or warranties, expressed or implied, relative to the presence of such wildlife.

Declarant, acting in its sole and absolute discretion, retains the right, but not the obligation, to engage in wildlife and fishery management plans and practices on the Property to the extent that such practices are permitted by applicable state and federal law. For the purpose of illustration and not limitation, this right includes the right to manage and control

any populations of deer, raccoons, and other wildlife through a variety of techniques, including organized hunting, shooting and trapping. Declarant hereby reserves the right to assign these management rights to the Association.

(d) No provision of the Master Association Documents shall be interpreted as creating a duty of the Master Association, the Board, the management company of the Master Association, nor Declarants to protect or further the health, safety or welfare of any Person(s), even if the funds of the Master Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each other Person having an interest in or lien upon, or making any use of, any portion of the Property (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands and causes of action against the Master Association, the management company of the Master Association, if any, nor Declarant(s), their directors, officers, committee and Board members, employees, agents, contractors, subcontractors, successors and assigns arising from or connected with any matter for which the liability has been disclaimed.

4.5 Safety.

(a) The Master Association may, but is not obligated to, maintain or support certain activities within the Property designed to provide for the safety of the Members. All Owners and occupants of any Lot, and all family members, tenants, guests, and invitees of any Owner, acknowledge and understand that the Master Association, its Board and committees, the management company of the Master Association, and Declarant(s) are not insurers or guarantors of safety within the Property. Neither the Master Association, any management company of the Master Association, nor any Declarant shall be held liable for any loss or damage for failure to provide adequate safety or ineffectiveness of safety measures undertaken. Each Owner acknowledges, understands and shall be responsible for informing its tenants and all occupants of its Lot that the Master Association, its Board and committees, and Declarant(s) are not guarantors of security or safety and that each person using Property within the Project assumes all risks of personal injury and loss or damage to property including Lots, improvements thereon and the contents thereof, resulting from acts of third parties.

(b) The Declarant may, but is not obligated to, construct or install entryway gates at one or more of the entries to the development. In the event that Declarant elects to install any such gates, whether or not said gates are located on the Common Elements, said gates shall be operated and maintained by the Declarant or the Master Association in the Declarant's discretion, and the cost of said maintenance and operation shall be a Common Expense of the Master Association.

4.6 Provision of Services. The Master Association may provide services and facilities for the Members of the Master Association and their guests, lessees and invitees. The Master Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. The costs of services

and facilities provided by the Master Association may be funded by the Master Association as a Common Expense. In addition, the Board shall be authorized to charge additional use and consumption fees for services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance, pest control service, cable television service, security, caretaker, fire protection, utilities, and similar services and facilities. The Board, subject to the terms of the contracts for facilities or services, but without the consent of the Members of the Master Association, shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein can be relied upon as a representation as to what services and facilities, if any, will be provided by the Master Association. This paragraph shall be specifically construed to allow the Master Association to enter into a contract for the overall management of the Master Association with any individual or corporation. The Master Association or its managing agent shall also be permitted to provide services to any Subsidiary Association or Owners where it deems it to be in the interest of the Master Association to do so.

4.7 Change of Use of Common Elements. Upon (a) adoption of a resolution by the Board stating that, in the Board's opinion, a service provided by the Master Association pursuant to Section 4.6 or the then present use of a designated part of the Common Elements is no longer in the best interest of the Owners or is no longer necessary or appropriate for the purposes intended, and (b) the consent of Declarant during the Development Period, the Board shall have the power and right to terminate such service or change the use of any Common Elements (and, in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided that any such new use (i) shall be for the benefit of the Owners, (ii) shall be consistent with any deed restrictions and zoning regulations restricting or limiting the use of the Common Elements, and (iii) shall be consistent with the then effective Master Plan.

4.8 View Impairment. Neither Declarant nor the Master Association guarantees or represents that any view over and across any property, including any Lot, from adjacent Lots will be preserved without impairment. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

4.9 Relationship with Tax-Exempt Organizations. During the Development Period, the Declarant, and thereafter the Master Association, may create, enter into agreements or contracts with, grant exclusive and/or non-exclusive easements over the Common Elements to, or transfer portions of the Common Elements to non-profit, tax-exempt organizations, including but not limited to organizations that provide facilities or services designed to meet the physical or social needs of a particular group or class of persons, for the benefit of the Property, the Master Association, its Members and residents. The Master Association may contribute money, real or personal property or services to any such entity. Any such contribution shall be a Common Expense of the Master Association and included as a line item in the Master Association's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code

("Code"), such as but not limited to entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

4.10 Lakes, Ponds, and Other Water Features. Neither the Declarant, the Master Association, nor any of their successors, assigns, officers, directors, committee members, employees, management agents, contractors or subcontractors shall be liable or responsible for maintaining or assuring the water quality or level in any lake, pond, canal, creek, stream, waterfall, water feature, or other water body adjacent to or within the Property, except as such responsibility may be specifically imposed by an applicable governmental or quasi-governmental agency or authority. Furthermore, all Owners and other users of any portion of the Property located adjacent to or having a view of any of the aforesaid water bodies shall be deemed, by virtue of their acceptance of a deed to, or use of, such portion of the Property, to have agreed to hold harmless all of the parties listed above for any and all changes in the quality and level of the water in such water bodies.

Article 5. Maintenance.

5.1 Master Association's Responsibility.

(a) The Master Association shall provide Upkeep for the Area of Common Responsibility, which shall include, but need not be limited to:

(i) all Common Elements, all improvements upon the Common Elements, and all of the Stormwater Management Facilities regardless of location;

(ii) all Landscaping, parks, signage, structures, and improvements, including any bike, pedestrian and equestrian pathways and trails, situated upon the Common Elements;

(iii) all private roads and streets, including any asphalt repairs thereto, situated upon the Common Elements or utilized by the Master Association and Owners for access that are not Common Elements of any Subsidiary Association, specifically including any and all roads and streets that are offered to the City of Jacksonville or the North Carolina Department of Transportation (or any county or other governmental entity authorized to maintain roads) until the date that each such road or street is accepted by the City of Jacksonville or the North Carolina Department of Transportation (or by a county or other governmental entity authorized to maintain roads), provided that in the event that any roads or streets rights of way are offered for dedication and accepted by an authorized governmental entity for public maintenance, such public maintenance shall not have any impact on the Master Association's obligations to provide for the Upkeep of all Stormwater Management Facilities and other improvements within the public rights of way that are not maintained by the authorized governmental entity;

(iv) all walls and fences constructed by Declarant on any Lots which serve as perimeter walls for the Property or which separate any Lot from Common Elements which are not to be maintained by any Subsidiary Association;

(v) Landscaping, sidewalks, street lights, irrigation systems, and signage within public streets or other rights-of-way on or for the benefit of the Property which are not to be maintained by any Subsidiary Association;

(vi) all entry features, signs, and gates, including Landscaping and irrigation for the entry feature areas, and the provision of electrical service to said areas for the benefit of the Project.

(vii) Landscaping within any public utility easements and other easements within the Common Elements (subject to the terms of any easement agreement relating thereto);

(viii) any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any Covenant to Share Costs, any Recorded Plat, or any contract or agreement for maintenance thereof entered into by the Master Association; and

(ix) any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Master Association and its Members and identified by written notice from Declarant to the Master Association until Declarant revokes such privilege of use and enjoyment by written notice to the Master Association. Said property and facilities may include without limitation roads, streets, or other access ways.

(b) The Master Association may also maintain and improve other property which it does not own, including, without limitation, property dedicated to public use, if the Board determines that such maintenance is necessary or desirable and if otherwise permitted by applicable law.

(c) Except as otherwise specifically provided herein, all costs for Upkeep of the Area of Common Responsibility shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Master Association to seek reimbursement from the Persons responsible for, such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons.

5.2 Owner's Responsibility. Each Owner shall maintain his or her Lot (with the exception of those areas designated as common maintenance responsibility on the recorded maps), including any Unit, and all other structures, parking areas, Landscaping, and other improvements upon the Lot in a manner consistent with all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to a Subsidiary Association

pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Lot.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Declarant during the Development Period or until the assignment of authority to the Master Association described in Section 3.1, and thereafter the Master Association, may perform such maintenance responsibilities and assess all costs incurred by the Declarant or the Master Association against the Lot and the Owner as a Benefited Assessment in accordance with Section 10.7. The Master Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

Article 6. Insurance and Casualty Losses.

6.1 Authority to Purchase - Notice.

(a) The Board shall have the power on behalf of the Master Association to (1) purchase insurance policies relating to the Common Elements, (2) adjust all claims arising under such policies and (3) execute and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Elements shall be a Common Expense. The Board, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverages from reputable insurance companies, or if such coverages are so available only at an unreasonable cost. Exclusive authority to negotiate losses under such policies shall be vested in the Board or with its authorized representative. The Board shall promptly notify the members of material adverse changes in, or termination of, insurance coverages obtained on behalf of the Master Association.

(b) Each such policy shall provide that:

(i) The insured waives any right to claim by way of subrogation against the Declarant, the Master Association, the Board, the managing agent, any member or the Owners and their respective households, guests, employees, customers, tenants, agents and invitees;

(ii) Such policy shall not be cancelled, invalidated or suspended due to the conduct of any member or any Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, customers, agents and invitees, or of any member, Officer or employee of the Board or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within sixty (60) days after such demand; and

(iii) Such policy may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Board or the managing agent.

(c) All policies of insurance shall be written by reputable companies licensed or qualified to do business in North Carolina.

(d) The deductible (if any) on any insurance policy purchased by the Board shall be a Common Expense; provided, however, that the Master Association may assess any deductible amount necessitated by the act, misuse or neglect of an Owner, or such Owner's tenant or such Owner's (or tenant's) household, guests, employees, customers, agents or invitees against such Owner.

6.2 Physical Damage Insurance.

(a) The Board shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), cost of demolition, debris removal, and water damage endorsements, insuring any improvements located on the Common Elements, together with all service machinery contained or located therein and covering the interests of the Master Association, in an amount equal to one hundred percent (100%) of the then current replacement cost of any improvements located on the Common Elements (exclusive of the land, excavations, foundation and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board shall also obtain and maintain appropriate coverage on all personal property and real estate other than the Common Elements owned by the Master Association.

(b) Each such policy shall also provide:

(i) a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made not to do so;

(ii) the following endorsements (or equivalent): (1) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Owner or their agents or any member when such act or neglect is not within the control of the insured or the Owners collectively, nor by any failure of the insured, any members or the Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured, the members or the Owners collectively, have no control); (2) "cost of demolition"; (3) "contingent liability from operation of building laws or codes"; (4) increased cost of construction"; (5) "replacement cost"; and (6) "agreed amount" or elimination of coinsurance clause;

(iii) that any "no other insurance" clause expressly exclude individual members' and Owners' policies from its operation of that the physical damage policy purchased by the Board shall be deemed primary coverage and any individual members' or Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board hereunder provide for or be brought into contribution with insurance purchased by individual Owners or their Mortgagees, unless otherwise required by law; and

(iv) such deductibles as to loss, but not coinsurance features, as the Board in its sole discretion deems prudent and economical.

6.3 Liability Insurance. The Board shall obtain and maintain comprehensive general liability, broad form endorsement (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director, the managing agent and the employees of the Master Association against any liability to the public or to any member or any Owner or such Owner's tenant and such Owner's (or tenant's) household, guests, employees, customers, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Elements or legal liability arising out of employment contracts of the Master Association. Such insurance shall be issued on a comprehensive liability basis and shall contain: (1) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (2) hired and non-owned vehicle coverage; (3) host liquor liability coverage with respect to events sponsored by the Master Association; (4) deletion of the normal products exclusion with respect to events sponsored by the Master Association; and (5) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner or member because of negligent acts of the Master Association or of another Owner or member. The Board shall review such limits once each year, but in no event shall such insurance be less than One Million and No/100 Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than Three Million and No/100 Dollars (\$3,000,000.00).

6.4 Other Insurance. The Board may obtain and maintain such other insurance: (i) as the Board may determine advisable, or (ii) as may be required with respect to the Additional Property made subject to this Declaration by any Supplemental Declaration adding such Additional Property.

6.5 Separate Insurance on Lots.

(a) Each Owner shall have the right, but no obligation, to obtain insurance for such member's or Owner's benefit, at such member's or Owner's expense, covering the improvements located on such Owner's Lot or the Lot owned or maintained by such member. No member or Owner shall acquire or maintain insurance coverage on the Common Elements insured by the Master Association so as: (i) to decrease the amount which the Board may realize under any insurance policy maintained by the Board; (ii) to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a member or Owner; or (iii) in violation of any declaration of covenants encumbering such Owner's Lot. No member or Owner shall obtain separate insurance policies on the Common Elements owned by the Master Association.

(b) Owners may be required to obtain certain insurance coverages with respect to Additional Property that is added to the Property pursuant to Supplemental Declarations or Subsidiary Association documents.

Article 7. Conservation Areas.

7.1 Conservation Areas. The areas shown as conservation areas on the Recorded Plats and/or described in a Supplemental Declaration or Subsidiary Association documents as conservation areas shall be maintained in perpetuity in their natural or mitigated condition.

7.2 Conservation Areas Covenants. Supplemental Declarations or Subsidiary Association documents may establish specific covenants applicable to conservation areas included within the property subject to said Supplemental Declarations or Subsidiary Association documents.

Article 8. Permit and SEC Permit: Transfer, Responsibilities and Covenants.

8.1 Owner Obligation and Liability. Each Owner shall comply with the terms, conditions and obligations of the Permit and the SEC Permit in addition to the covenants, restrictions, and obligations described in this Declaration. Owners acknowledge that failure to comply with terms of the Permit and the SEC Permit may subject the Owner to liability and penalties in addition to enforcement under this Declaration. Consistent with the general responsibility to enforce the Association Documents described in Section 3.1 above, the Master Association shall be the primary party responsible for the enforcement of the Owner's obligations under this Article 8.

8.2 Transfer to and Acceptance by Master Association. Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities to the standards required by the Permit. At any time after completion of the initial construction of the Stormwater Management Facilities, Declarant may transfer the Permit and Declarant's responsibilities under the Permit to the Master Association and the Master Association shall accept such transfer. Thereafter, upon completion of the initial construction of the Stormwater Management Facilities required by the applicable Permit for any Additional Property annexed by Declarant into the Property pursuant to this Declaration, Declarant may transfer the applicable Permit and Declarant's responsibilities under the Permit applicable to the property annexed by Declarant into the Property to the Master Association. The Master Association shall accept the transfer from Declarant of the applicable Permit and responsibilities under the Permit. Transfers of any such Permit shall occur upon the date determined by the Declarant.

Declarant may, in its sole discretion, divide any North Carolina Stormwater Management Permit included in the Permit into multiple permits for any reason, including without limitation to facilitate transfer of a Permit to the Master Association. In the event that Declarant elects to divide a North Carolina Stormwater Management Permit, the Master Association shall cooperate with that division, including without limitation the execution of

applications or other documents required by the State of North Carolina Department of Environmental of Natural Resources or other authorized governmental agency, and acceptance or conveyance of portion of real property including Stormwater Management Facilities deemed appropriate by Declarant.

8.3 Master Association Indemnification. The Master Association shall indemnify and hold Declarant(s) harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant(s) in the defense of any action against Declarant(s) as the responsible party under the Permit and any Permit applicable to any property annexed into the Property from and after the date Declarant(s) tender transfer of its responsibilities under the Permit to the Master Association. Further, Declarant may bring an action for specific performance of the obligations of the Master Association as set forth in to this Article 8.

8.4 Administration of Permit. From and after the transfer of Declarant's responsibilities under the Permit to the Master Association, the oversight, supervision, management and administration of the Permit shall be the sole responsibility of the Master Association. The Master Association's duties with respect to the Permit shall be carried out in accordance with the terms and conditions of the Association Documents and the Permit. The Master Association shall be responsible for the Upkeep of Stormwater Management Facilities in accordance with the Permit.

8.5 Easement for Upkeep and Enforcement. The Association and the permittee under the Permit hereby are granted and conveyed an easement over, under and upon each Lot for the purpose of access to and Upkeep of all Stormwater Management Facilities and facilities required by the SEC Permit and to enforce all requirements of the Permit and the SEC Permit.

8.6 Permit Covenants. The following covenants are intended to ensure ongoing compliance with the Permit as issued by the Division of Water Quality under NCAC 2H.1000:

(a) The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Permit.

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

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

(d) Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the Division of Water Quality.

(e) The maximum allowable built-upon area per Lot is limited to a specific area. The allocated amount for the Lots included in the initial Property subject to this Declaration is set forth on Exhibit B attached hereto. The maximum allowable built-upon area for lots included in future phases shall be described in the Supplemental Declaration annexing these Lots and/or the Subsidiary Association documents. The allotted amount includes any built-upon area constructed within the Lot property boundaries, and that portion of the right-of-way between the front Lot line and the edge of the pavement of any street abutting such Lot. 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.

(f) Lots located within an Area of Environmental Concern ("AEC") as designated by CAMA may be subject to a reduction in the allowable built-upon area due to such CAMA regulations. In the case of a lot within CAMA's regulated AEC, where the Division of Coastal Management calculates a different maximum allowable built-upon area for that lot that is shown herein, the governing maximum built-upon area for that lot shall be the most restrictive of the two.

(g) All runoff on the Lot must drain into the permitted system. This may be accomplished through providing roof drain gutters, which drain to the street, grading the Lot to drain towards the street, or grading perimeter swales and directing them into the pond or street. Lots that will naturally drain into the system are not required to provide these measures.

(h) Built-upon area in excess of the permitted amount will require a permit modification.

(i) If permeable pavement credit is allowed, the Owner must submit a request, with supporting documentation, to the permittee under the Permit and receive approval prior to construction of built-upon area.

(j) A fifty foot (50') wide vegetated buffer must be provided adjacent any impounded structures, streams, rivers and tidal waters on each Lot. No built-upon area is allowed within this buffer.

Article 9. Annexation and Withdrawal of Property.

9.1 Annexation by the Declarant.

(a) During the Development Period, Declarant may unilaterally subject any real property to the provisions of this Declaration including without limitation any of the real property described on Exhibit C. Nothing in this Declaration or otherwise shall be construed to require Declarant, or any successor, to develop any Additional Property in any manner whatsoever. Nothing in this Declaration or otherwise shall be construed to encumber any real property other than the real property described on Exhibit A unless and until any Additional

Property is made subject to this Declaration by a Declarant, as evidenced by an executed and recorded Supplemental Declaration.

(b) Declarant may transfer or assign this right to annex property absolutely in its entirety, or with regard to specific property, and may assign this right to one (1) or more parties as deemed appropriate by Declarant.

(c) Such annexation shall be accomplished by filing a Supplemental Declaration in the Register of Deeds describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the recording of such Supplemental Declaration in the Register of Deeds unless otherwise provided therein.

9.2 Withdrawal of Property. Declarant reserves the right to amend this Declaration without prior notice and without the consent of any Person, for the purpose of removing property then owned by Declarant, or the Master Association from the coverage of this Declaration. Furthermore, Declarant may withdraw any real property from the coverage of this Declaration without prior notice and without consent of any Person other than the Owner of the withdrawn property, but with the written consent of the fee simple owner of the real property to be withdrawn.

9.3 Additional Covenants and Easements. Declarant may unilaterally subject any portion of the Property subject to this Declaration to additional covenants and easements, including covenants obligating the Master Association to maintain and insure such property on behalf of the Owners. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrently with or after the annexation of the subject property and shall require the written consent of the owner(s) of such property, if other than Declarant.

9.4 Amendment. During the Development Period, this Article shall not be amended without the prior written consent of Declarant.

9.5 Additional Members. Any property made subject to this Declaration pursuant to the provisions of this Article 9 shall be subject to all conditions and privileges of the Association Documents and Owners of any such annexed property shall be members of the Master Association.

Article 10. Assessments.

10.1 Creation of Assessments. Subject to the limitations described in Sections 10.2 and 10.3, the Master Association shall levy assessments against each Lot for Common Expenses as the Board may specifically authorize from time to time. There shall be three (3) types of assessments for Master Association expenses: (a) Base Assessments to fund Common Expenses for the general benefit of all Lots; (b) Special Assessments as described in

Section 10.6; and (c) Benefited Assessments as described in Section 10.7. Each Owner, by accepting a deed or entering into a recorded contract of sale for any Lot within any portion of the Property is deemed to covenant and agree to pay those assessments.

(a) All assessments, together with interest from the due date of such assessment at a rate determined by the Master Association (not to exceed the highest rate allowed by North Carolina law), late charges, costs, including lien fees and administrative costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each Lot against which the assessment is levied until paid, as more particularly provided in Section 10.9. Each such assessment, together with interest, late charges, costs, including lien fees and administrative costs, and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment was levied. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable with the grantor for any assessments and other charges due at the time of conveyance.

(b) Assessments shall be paid in such manner and by such dates as the Board may establish. Unless the Board otherwise provides, the Base Assessment for each Lot shall be due and payable in advance each year on the first day of the fiscal year of the Master Association. If any Owner is delinquent in paying any assessments or other charges levied on his or her Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

(c) The Master Association shall, upon request by an Owner, furnish to any Owner a certificate in writing signed by an officer of the Master Association or authorized community manager setting forth whether assessments for such Owner's Lot have been paid and any delinquent amount. 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.

(d) No Owner may exempt himself or herself from liability for assessments, by non-use of Common Elements, abandonment of his or her Lot 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 repairs or improvements or other action taken by it.

10.2 Declarant's Obligation for Assessments. The Declarant shall have no obligation for assessments during the Development Period. During the Development Period, Declarant may, at Declarant's sole election, advance to the Master Association the shortage for any fiscal year or any portion thereof. The "shortage" shall be the difference between:

(a) the amount of all income and revenue of any kind received by the Master Association, including but not limited to, assessments collected on all other Lots, use fees, and income from all other sources, and

(b) the amount of all actual expenditures incurred by the Master Association during the fiscal year, including any reserve contributions for such year, but excluding all non-cash expenses such as depreciation or amortization, all expenditures and reserve contributions for making additional capital improvements or purchasing additional capital assets, and all expenditures made from reserve funds. Calculation of the shortage shall be performed on a cash basis of accounting.

In the event that the Declarant elects to advance to the Master Association the shortage or any portion thereof for any fiscal year during the Development Period, such advances made by the Declarant shall be accounted for and cumulatively credited against the Declarant's obligation to pay assessments after the expiration or termination of the Development Period. Such credits shall be applied to the Declarant's obligations to pay assessments immediately after the expiration or termination of the Development Period, and each subsequent assessment period thereafter until such credits are entirely diminished. In the event that the Declarant is still entitled to said credit after both: (i) the expiration or termination of the Development Period, and (ii) the Declarant owns no more Lots, the Master Association shall pay the amount of the credit owed to Declarant promptly after said events.

The Declarant's obligation to pay assessments may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by any combination of these.

10.3 Builders Obligations for Assessments. For the period of twelve (12) months from the date of the recording of a deed from Declarant for an Unimproved Lot to a Builder, the Base Assessment for such Unimproved Lot owned by a Builder shall be fifty percent (50%) of the Base Assessment determined pursuant to the budget. Upon the earliest to occur of: (i) conveyance of the Lot by the Builder to a different Owner, (ii) issuance of a certificate of occupancy for the home on the Lot, or (iii) occupancy of the home on the Lot, the full amount of the Base Assessment for all Lots shall be paid by the Owner of the Lot commencing on the first day of the first month after said event.

10.4 Computation of Base Assessment. The Declarant shall establish the initial budget for the Master Association including the initial Base Assessment for each Lot. Thereafter, not less than fifty (50) days before the beginning of each fiscal year, the Board shall prepare and adopt a budget covering the Common Expenses estimated to be incurred during the coming year. The budget shall include a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 10.5, but shall not include expenses incurred during the Development Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Owners representing a majority of the total votes of the Master Association and Declarant. In determining the budget, the Board, in its discretion, may consider other sources of funds available to the Master Association. In addition, the Board shall take into account the number of Lots subject to assessment on the first day of the fiscal year for which the

budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year.

Within thirty (30) days after adoption of any proposed budget by the Board, the Board shall provide to all Owners a summary of the budget and notice of a meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary of the budget and notice of the meeting. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless, at that meeting, a majority of all the Owners in the Master Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

The Base Assessment for the fiscal year shall be determined based upon the budget adopted by the Board and ratified by the Owners. The amount of Base Assessment shall be levied equally against all Lots, subject to the provisions of Sections 1.6, 10.2, and 10.3.

10.5 Reserve Budget and Special Reserve Assessment. The Board shall prepare, on an annual basis, reserve budgets for general purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost of each asset. Such reserve budgets may also anticipate making additional capital improvements and purchasing additional capital assets. The Board shall include in the Base Assessments reserve contributions in amounts sufficient to meet these projected needs, if any.

The Board may adopt resolutions regarding the expenditure of reserve funds, including policies designating the nature of assets for which reserve funds may be expended. Such policies may differ for general Master Association purposes. Neither the Master Association nor the Board shall adopt, modify, limit or expand such policies without Declarant's prior written consent.

10.6 Special Assessments. In addition to other authorized assessments, the Board may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessments shall be approved at a meeting of the Board and shall become effective upon approval by the Board provided that Declarant may disapprove such Special Assessments during the Development Period. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

10.7 Benefited Assessments. The Board may levy Benefited Assessments against particular Lots for expenses incurred or to be incurred by the Master Association, as follows:

(a) to cover costs incurred in bringing the Lot into compliance with the terms of the Association Documents and the Act or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their family members, tenants, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing before levying a Benefited Assessment under this section;

(b) as provided in the Association Documents;

(c) to recover costs incurred as a result of an Owner's failure to comply with the Permit; and

(d) for a violation of the Association Documents by an Owner and the cost of enforcement of the same.

10.8 Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Lot on the first day of the month following: (a) the date the Lot is made subject to this Declaration, or (b) the date the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessments against each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

10.9 Lien for Assessments. All assessments authorized in this Article shall constitute a lien against the Lot against which they are levied, as provided in N.C. Gen. Stat. § 47F-3-116, until paid unless otherwise specifically precluded in this Declaration. The lien shall also secure payment of interest (subject to the limitations of North Carolina law), late charges, and costs of collection (including attorneys' fees, lien fees and administrative costs). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. The Master Association may enforce such lien, when any assessment or other charge is delinquent, by suit, judgment, and foreclosure.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, a Mortgagee holding a first Mortgage of record or other purchaser of a Lot who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment, including such acquirer, its successors and assigns.

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

10.11 Exempt Property. The following property shall be exempt from payment of Base Assessments and Special Assessments:

- (a) all Common Elements;
- (b) all property dedicated to and accepted by any governmental authority or Utility Company; and
- (c) all property owned by the Declarant during the Development Period.

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

10.12 Initial Working Capital Fund. Upon the first conveyance of a Lot by a Builder or Declarant to an Owner other than a Builder, such Owner shall contribute at the closing of said Lot an amount equal to one-sixth (1/6) of the annual Assessment levied for the current fiscal year against such Lot, said sum to be paid to the Master Association. The sum is not an advance payment of any installment of the annual Assessment, but shall be utilized to establish the initial working capital fund for the Master Association. Such sum may also be utilized to reimburse Declarant the exact cost of any premiums or insurance policies purchased for the benefit of the Master Association by Declarant.

Notwithstanding the above, the following conveyances shall not constitute the first conveyance by a Builder or Declarant: (i) conveyance of a Lot from the Declarant or a Builder or lender of a Declarant or Builder through foreclosure or by Deed in Lieu of foreclosure, (ii) conveyance of ten (10) or more lots by a purchaser through foreclosure or Deed in Lieu of foreclosure, or (iii) conveyance of a Lot to a Declarant or Builder.

Article 11. Architectural and Design Standards.

The Subsidiary Association documents may include provisions regarding architectural review and control regarding improvements to the Lots, Units, and property. Any such provisions shall not apply to the activities of Declarant or to improvements to the Common Elements by or on behalf of the Master Association.

Article 12. Plan of Development and Rules and Regulations.

12.1 Plan of Development: Applicability: Effect. Declarant has established a general plan of development and occupancy for the Property under this Declaration subject to the Master Association's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the community. All provisions of this Declaration and any rules shall apply to all Builders, their contractors, builders, agents, and employees and to all other Owners, their family members, occupants, tenants, guests and invitees of any Lot.

Notwithstanding the Declarant's establishment of a general plan of development, the Declarant shall not be liable for any failure or alleged failure to police and/or enforce the Association Documents.

12.2 Authority to Promulgate Rules.

(a) Subject to the terms of this Article, and in accordance with its duties of care and undivided loyalty to the Master Association and its Members, the Board may adopt rules and regulations permitted by, and not inconsistent with, the Act, including such rules and regulations relating to the use of, and parking and traffic, on public and private streets located within the Property. Said rules and regulations shall be applicable to all Owners except the Declarant(s).

(b) After the termination or expiration of the Development Period, the Owners, at a meeting duly called for such purpose, may adopt rules which modify, cancel, limit, or create exceptions to, adopted rules by a vote of Owners representing sixty-seven (67%) of the total vote.

(c) At least fifteen (15) days prior to the effective date of any action under subsections (a) or (b) of this Section, the Board shall send a copy of the rule to each Owner specifying the effective date of such rule. The Master Association shall provide, without cost, a copy of the rules then in effect to any requesting Member or Mortgagee.

(d) Nothing in this Article shall authorize the Board or the Owners to modify, repeal or expand the Declaration, the Bylaws, or the Articles. Such documents may be amended as provided therein. Notwithstanding anything to the contrary herein, no rules or regulations adopted pursuant to subsection (b) or (c) above shall be applicable to the Nonresidential Units without the written consent or approval of the Owners of ninety percent (90%) of the Nonresidential Units.

12.3 Owners' Acknowledgment and Limitations. All Owners are subject to this Declaration and are given notice that: (a) their ability to use their privately owned property is limited thereby, and (b) the Declarant, Board, and/or the Owners may adopt, delete, modify, create exceptions to, or amend the rules.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the rules and regulations may change from time to time.

No rule or action by the Master Association or Board shall impede Declarant's right to develop the Property in accordance with the Master Plan, including, but not limited to, the rights of Declarant as set forth in Article 15.

Article 13. Easements.

13.1 Easements for Utilities, Access, Subdivision, Drainage.

(a) Declarant reserves unto itself a perpetual, nonexclusive easement for ingress, egress, regress, across, the installation and maintenance of utilities, further subdivision, and the right to dedicate public use, over, under and upon any and all streets, roads, and other rights of way on the Property including without limitation Carolina Plantations Boulevard and Seville Street as shown on the Recorded Plat, all drainage and utility easements shown on the Recorded Plat or lying on the Property, and water and sewer easements shown on the Recorded Plat or lying on the Property.

(b) Declarant reserves unto itself a perpetual, nonexclusive easements for the purpose of access and Upkeep upon, across, over, and under all of the Property to the extent reasonably necessary to install, operate, and provide Upkeep for: roads, walkways, bicycle pathways, trails, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, electricity, television, and security and similar systems. Declarant may assign these easements and rights to any utility supplier, cable company, security company or other company providing a service or utility subject to the limitations herein. Without limiting the general authority described by the foregoing, Declarant reserves the right to subject any portion of the Property, including the Common Elements, to an easement for the benefit of an electric Utility Company for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and continuing obligation to the electric Utility Company by the Master Association or the Owners directly.

13.2 Easement and Right to Dedicate Public Rights of Way and Utility Easements. Declarant reserves for itself, its successors and assigns, the perpetual right to dedicate to public use, any and all: (i) rights of way, streets, roads, and other access ways, and (ii) utilities, drainage and similar easements, located on the Property.

13.3 Easements to Serve Additional Property. Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and Mortgagees, a perpetual, nonexclusive easement over the Lots and the Common Elements for the purposes of enjoyment, use, access, and development of any Additional Property whether or not such property is made subject to this Declaration, including without limitation the real property described on Exhibit C and the real property described in that certain deed recorded in Book 2149, at Page 44 in the Register of Deeds. This easement includes, but is not limited to, a right of ingress and egress over the Common Elements for construction of roads and for connecting and installing utilities on such property.

13.4 Development and Other Easements. Declarant specifically reserves all of the easements identified as being so reserved in this Declaration including, but not limited to, those set forth in Article 14.

13.5 Easements for Cross-Drainage. Every Lot and the Common Elements shall be burdened with perpetual easements for natural drainage of stormwater runoff from other

portions of the Property; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of stormwater onto adjacent portions of the Property without the consent of the Owner(s) of the affected property and the Board.

13.6 Easements for Maintenance and Enforcement. The Master Association shall have the right, and a perpetual easement is hereby granted, to enter all portions of the Property, including each Lot to: (a) perform its Upkeep responsibilities under Article 5; and (b) make inspections to ensure compliance with the Association Documents. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property.

The Master Association, also may enter a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Declaration, any Supplemental Declaration, the Bylaws or the rules. All costs incurred, including reasonable attorneys' fees, shall be assessed against the violator as a Benefited Assessment.

The Property is hereby burdened with perpetual non-exclusive easements in favor of the Declarant and the Master Association for overspray of water from any irrigation system serving the Area of Common Responsibility. The Master Association and the Declarant may use treated water from a water treatment plant for the irrigation of any Area of Common Responsibility. Under no circumstances shall the Master Association or the Declarant be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

13.7 Rights to Stormwater Runoff, Irrigation Water, and Water Reclamation. Declarant hereby reserves for itself and its designees all rights to ground water, surface water, water within ponds, lakes, rivers, streams and wetlands located with the Property, stormwater runoff, and irrigation water located or produced within the Property, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such right shall include perpetual easements over the Property for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff and irrigation water.

13.8 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 perpetual easement, but not the obligation, to enter upon the lakes, ponds, rivers, streams, and wetlands located within the Area of Common Responsibility to (a) perform Upkeep of pumps in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) perform Upkeep of any bulkhead, wall, dam, or other structure retaining water; (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration; and (d) exercise and enjoy all rights reserved to Declarant in this Declaration. Declarant, the Master Association, and their successors, assigns and designees shall have an access easement over and across any of the Property abutting or containing any portion of any of the lakes, ponds, rivers, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Declarant, the Master Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Elements and Lots (but not the Units thereon) adjacent to or within one hundred (100) feet of lake beds, ponds, rivers, streams and wetlands within the Property (but not over any Units located within said area), in order to (a) temporarily flood and back water upon and maintain water over such portions of the Property; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, rivers, streams, and wetlands within the Area of Common Responsibility subject to the approval of all appropriate regulatory bodies; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, rivers, streams, and wetlands; and (d) enter upon and across such portions of the Property for the purpose of exercising their rights under this Section. All Persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. The ponds, lakes and other water bodies within the Project may be designed to overflow onto portions of the Common Elements from time to time and the easement described herein includes an easement for the routine or occasional drainage of water onto the Common Elements from overflowing ponds, lakes, and other water bodies within the Project. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall, hurricanes, or other natural occurrences.

13.9 Easements for Irrigation. Declarant reserves for itself, and its successors and assigns, a non-exclusive perpetual easement to install, maintain, and operate irrigation systems on over, across, and under the Property, excluding the Units, for the purpose of dispensing and spraying treated water from a waste water package plant or other waste water treatment facility. Said irrigation systems and related facilities may include, without limitation, ponds, pumps, covered and uncovered drains, irrigation ponds, waterlines, and spray heads. This easement is explicably assignable by the Declarant separate and apart from other Declarant rights and easements reserved herein.

13.10 Access Easement for Common Elements. Declarant reserves for itself and grants to Owners a nonexclusive perpetual easement of access over and across the easement areas designated on the recorded subdivision plats for the Property for pedestrian access to the Common Elements.

13.11 Sign Easements. Declarant reserves for itself, its successors and assigns, a nonexclusive perpetual easement for the installation and Upkeep of signage, including without limitation signs, landscaping, lighting and other similar features, over the portions of the Property designated as "Sign Easement" on the Recorded Plat, together with the right to assign, convey, or transfer said easement, in whole or in part to the Master Association and/or other parties in the future.

13.12 Property Benefited. The easements reserved by and for the Declarant in this Declaration are for the benefit of the Property, the Additional Property including without limitation the real property described on Exhibit C, any real property made subject to this Declaration in the future, any real property to which the Declarant conveys the benefit of such

easements, which may include, without limitation, any of the real property described on Exhibit C and/or any of the real property described in that certain deed recorded in Book 2149, at Page 44 in the Register of Deeds, and any other real property identified by the Declarant from time to time.

13.13 Declarant Easements Assignable. Notwithstanding anything to the contrary herein, each and every easement reserved by, retained by, or granted to, the Declarant in this Declaration may be separately assigned to one or multiple parties as deemed appropriate by Declarant. Said assignments may be in connection with or separate from any assignment of Declarant Rights.

Article 14. Declarant's Rights.

14.1 Declarant's Rights. Declarant's Rights are those rights reserved for the benefit of Declarant as provided for in the Act and the Association Documents which shall include, without limitation, the following rights:

- (a) To complete improvements on the Property;
- (b) To maintain models, management offices, construction offices, sales offices, customer service offices, and signs advertising the Property;
- (c) Those rights set forth in Article 9 of this Declaration;
- (d) To designate any portion of the Property as Common Elements or Limited Common Elements;
- (e) To appoint, remove and replace the members of the Board;
- (f) To construct improvements within portions of the Property and to operate the same as public or private facilities in the sole discretion of Declarant;
- (g) To disapprove actions of the Board or any committee during the Development Period;
- (h) To disapprove any amendment or change in any Association Documents during the Development Period;
- (i) To enforce any covenants, restrictions and other provisions of the Association Documents during the Development Period; and
- (j) To amend this Declaration as set forth in Section 16.2(a).

14.2 Transfer of Declarant's Rights. Any or all of Declarant's Rights and obligations of Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons, separately, with regard to specific real property, or in their entirety. Notwithstanding the foregoing, each of the Declarant Rights described in subsections (e), (g), (h), and (j) of Section 14.1 above, the right to withdraw real property described in Section 9.2, and the right to

establish additional covenants and easements described in Section 9.3 shall be vested in only one (1) Declarant at any time. Except as described in subsection (b) below, no such transfer shall be effective unless it is in a written instrument signed by Declarant and the transferee and duly recorded in the Register of Deeds.

14.3 Modification of Development Plan. Each Owner, by accepting title to a Lot and becoming an Owner, and each other Person, by acquiring any interest in the Property, acknowledges awareness that Carolina Plantations is a master planned community, the development of which is likely to extend over many years, and agrees not to protest or otherwise object to (a) zoning or changes in zoning or to uses of, or changes in density of, the Property, or (b) changes in any conceptual or master plan for the Property, including, but not limited to, the Master Plan; provided, such revision is or would be lawful (including, but not limited to, lawful by special use permit, variance or the like) and is not inconsistent with what is permitted by the Declaration (as amended from time to time).

14.4 Development Easements. Declarant, its employees, agents and designees, specifically reserve a nonexclusive perpetual easement over, upon, under and above the Common Elements and other portions of the Property (expressly excluding a Unit) for any and all purposes deemed reasonably necessary or desirable by Declarant for the development of the Property and any Additional Property including, but not limited to, easements of access, the installation and maintenance of utilities and easements as may be required from time to time by any governmental agency or pursuant to the Permit. Declarant and its employees, agents and designees shall also have a right and easement over and upon all of the Common Elements for the purpose of making, constructing, installing, modifying, expanding, replacing, and removing such improvements to the Common Elements as it deems appropriate in its sole discretion.

14.5 Marketing and Sales. During the Development Period, Declarant and its designees may maintain and carry on upon the Common Elements and any property owned by Declarant such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, model units, sales offices, and storage of building materials. Declarant and its designees shall have easements for access to and use of such facilities. Declarant's or any designee's unilateral right to use the Common Elements for purposes stated in this section shall not be exclusive and shall not unreasonably interfere with use of such Common Elements by Owners unless leased pursuant to a lease agreement with the Master Association providing for payment of reasonable rent.

14.6 Declarant Approval to Changes in Association Documents. During the Development Period, the Master Association shall not, without the prior written approval of Declarant, adopt any policy, rule or procedure that:

(a) Limits the access of Declarant, its successors, assigns and/or affiliates or their personnel and/or guests, including visitors, to the Common Elements of the Master Association or to any property owned by any of them;

(b) Limits or prevents Declarant, its successors, assigns and/or affiliates or their personnel from advertising, marketing or using the Master Association or its Common Elements or any property owned by any of them in promotional materials;

(c) Limits or prevents new Owners from becoming members of the Master Association or enjoying full use of its Common Elements and Recreational Facilities, subject to the membership provisions of the Master Association Documents;

(d) Impacts the ability of Declarant, its successors, assigns and/or affiliates, to carry out to completion its development plans and related construction activities for Carolina Plantations, as such plans are expressed in the Master Plan, as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by Declarant and limiting the establishment by Declarant of easements necessary to complete Carolina Plantations shall be expressly included in this provision. Easements that may be established by Declarant shall include but shall not be limited to easements for development, construction and landscaping activities and utilities; or

(e) Impacts the ability of Declarant, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

14.7 Unimpeded Access. The Master Association shall not exercise its authority over the Common Elements (including, but not limited to, any gated entrances and other means of access to the Property) to interfere with the rights of Declarant set forth in this Declaration or to impede access to any portion of the Property over the streets and other Common Elements within the Property.

14.8 Additional Declarations/Restrictions. No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without Declarant's review and written consent during the Development Period. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant.

14.9 Governmental Interests. During the Development Period, Declarant may designate sites within the Property for fire, police and utility facilities, and parks, and other public facilities in accordance with the Master Plan and applicable laws. The sites may include Common Elements if otherwise permitted by the Master Plan.

Article 15. Compliance and Enforcement.

15.1 General Remedies. Every Owner and any occupant of any Lot shall comply with the Association Documents, including without limitation the provisions of this Declaration, and the Act. Failure to comply shall be grounds for an action by the Master

Association to recover sums due, for damages, injunctive relief or any other remedy available at law and equity or under the Act.

15.2 Enforcement/Sanctions. The Board, or such other Master Association agent with the Board's approval, may impose sanctions for violations of Association Documents after notice and a hearing in accordance with the procedures set forth in the Declaration. Such sanctions may include, without limitation:

(a) Imposing reasonable monetary fines which shall constitute a lien upon the Lot of the violator;

(b) Suspending an Owner's right to vote;

(c) Suspending any Person's right to use any Recreational Facilities within the Common Elements; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from the Lot;

(d) Suspending any services provided by the Master Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Master Association; and

(e) Levying Benefited Assessments to cover costs incurred in bringing a Lot into compliance in accordance with Section 10.7.

15.3 Self-Help Remedies. The Board, or such other Master Association agent with the Board's approval, may elect to enforce any provision of the Association Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations in accordance with any applicable ordinance(s) of Onslow County, North Carolina) or 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 procedures set forth in Section 15.7 or in the Bylaws.

15.4 Cumulative Remedies. The Master Association shall have all powers and remedies under the Act and the Association Documents which shall be cumulative of any remedies available at law or in equity.

15.5 Master Association's Right Not to Take Action. The Master Association shall not be obligated to pursue enforcement action in any particular case, such decisions to be within the discretion of the Board, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (a) the Master Association's position is not strong enough to justify taking any or further action; or (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or (c) 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 justify expending Master Association funds; or, (d) it is

not in the best interest of the Master Association, based upon hardship, expense or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Master Association to enforce such covenant, restriction, rule or provision at a later time under other circumstances or preclude the Master Association from enforcing any other covenant, restriction, rule or provision, nor shall it preclude any Owner from taking action at law or in equity to enforce the Master Association Documents.

15.6 Enforcement by Owner. Nothing set forth in this Article 15 shall prevent any aggrieved Owner from instituting any available remedy in law or in equity for a violation of the Association Documents.

15.7 Hearing Procedures. Except as may be otherwise specifically authorized by the Association Documents, and permitted by the Association Documents, the Board shall not (i) impose a fine or penalty, (ii) undertake permitted remedial action, or (iii) suspend voting or infringe upon other rights of a Member or other occupant of a Lot or Unit for violations of the Association Documents, or for assessments or other amounts due and owing to the Association remaining unpaid for a period of thirty (30) days, or longer, unless and until the following procedure is completed:

(a) Notice. The Board, or an adjudicatory panel appointed by the Board, shall serve the Responsible Person. The "Responsible Person" shall be any Member, Owner, or occupant of a Lot or Unit with a written notice of a hearing to be held by the Board of the Master Association in executive session or an adjudicatory panel appointed by the Board; provided, however, 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. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which shall not be less than ten (10) days from the giving of the notice; (iii) an invitation to attend the meeting and produce any statement, evidence and witness on his or her behalf; and (iv) the proposed sanction to be imposed. The notice prescribed herein may be served by mailing a copy of said notice to the alleged violator by placing said notice in the United States mail, postage prepaid, by any method as permitted for the service of summons as set forth in Rule 4 of the North Carolina Rules of Civil Procedure or by the delivery of said notice by an officer, director or agent of the Master Association to the Responsible Person or to any person who may be served on the Responsible Person's behalf as provided in said Rule 4.

(b) Hearing. The hearing shall be held in executive session of the Board or an adjudicatory panel appointed by the Board pursuant to the notice affording the member a reasonable opportunity to be heard. Any adjudicatory panel appointed by the Board shall be composed of Members who are not officers of the Master Association or members of the Board. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of deliver, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if

the Responsible Person 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. In addition, a written statement of the results of the hearing and the sanction, if any, imposed shall be mailed by the United States mail, postage prepaid, by the Master Association to the violator.

(c) Appeal. If the hearing is held before an adjudicatory panel, following such hearing and notice of a decision adverse to the violator, the Responsible Person shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent of the Master Association, President or Secretary of the Master Association within fifteen (15) days after the date of the decision, said written notice to contain information by which the Board may notify the Responsible Person of the date of the appeal hearing. If no adjudicatory panel is appointed by the Board, no right of appeal shall exist.

(d) Sanction as Assessment. Pursuant to the provisions of this Section, a fine may be imposed by the Master Association is an amount not exceeding One Hundred and No/100 Dollars (\$100.00) (or any greater amount as may be provided otherwise by law or the Act) per violation of the Association Documents and without further hearing, for each day more than five (5) days after the decision to impose such fine that the violation occurs. Any such fine shall be an assessment as set forth in this Declaration and the Act. If it is decided pursuant to the provisions of this Section that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

Article 16. General Provisions.

16.1 Term. This Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Master Association or any Owner, their respective legal representatives, heirs, successors, and assigns, until the planned community Carolina Plantations is terminated pursuant to the Act.

16.2 Amendment.

(a) By Declarant. During the Development Period, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is: (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make or purchase Mortgage loans on the Lots; (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Lots; or (v) otherwise necessary to satisfy the requirements of any governmental agency for approval of this Declaration. However, any such amendment shall not adversely affect the title to any Lot unless the affected Owner shall consent thereto in writing.

(b) By Owners. Except as otherwise specifically provided in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners representing sixty-seven percent (67%) of the total votes in the Master Association. During the Development Period, the Declarant's written consent shall be required for any amendment to the Declaration.

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 this Declaration shall become effective upon recordation in the Register of Deeds unless a later effective date is specified therein. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority so 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.

16.3 Termination. The Carolina Plantations planned development may only be terminated: (i) in accordance with the provision of N.C.G.S. § 47F-2-118, and (ii) during the Development Period, with the written consent of the Declarant.

16.4 Litigation. (a) Except as provided in Section 16.4(b) below, no judicial or administrative proceeding shall be commenced or prosecuted by the Master Association unless approved by sixty-seven percent (67%) of the votes in the Master Association and the consent of Declarant during the Development Period. This Section shall not apply, however, to: (a) actions brought by the Master Association to enforce the provisions of the Association Documents (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article 10; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Master Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

(b) No judicial, quasi-judicial, administrative or governmental proceeding shall be commenced or prosecuted by the Master Association against or involving Declarant unless approved by seventy-five percent (75%) of the votes in the Master Association.

16.5 Severability. Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

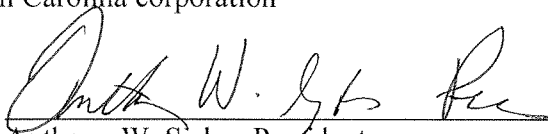
16.6 Use of the Words "Carolina Plantations". No Person shall use the words "Carolina Plantations" or any derivative, or any other term which Declarant may select as the name of this development or any component thereof, in any printed or promotional material without Declarant's prior written consent. However, Owners may use the words "Carolina Plantations" in printed or promotional matter solely to specify that a particular property is located within the Property, and the Master Association shall be entitled to use the words "Carolina Plantations" in its name.

16.7 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least seven (7) 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 Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title. The Master Association may require the payment of a reasonable administration or registration fee by the transferee.

16.8 Attorneys' Fees. In the event of an action instituted to enforce any of the provisions contained in the Association Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, all costs, including without limitation, reasonable attorneys' fees and costs, and administrative and lien fees. In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a Benefited Assessment with respect to the Lot(s) involved in the action.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration under seal this 27th day of July, 2010.

CAROLINA PLANTATION DEVELOPMENT
CORPORATION (SEAL)
A North Carolina corporation

By: 
Anthony W. Sydes, President

[Notary certification on the following page]

STATE OF NORTH CAROLINA
COUNTY OF Onslow

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document for the purpose(s) stated therein and, if other than in an individual capacity, in the capacity indicated having been first authorized to do so:

Anthony W. Sydes, President of Carolina Plantation Development Corporation.

Date:

07/08/2010

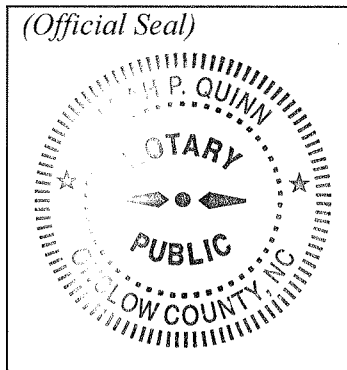
Signature of Notary Public

Leah P. Quinn

Notary's printed or typed name

My commission expires:

12/14/2013



Notary seal or stamp must appear within this box.

EXHIBIT A

That tract or parcel of land lying and being situate in Onslow County, North Carolina, and being more particularly shown and described on the map entitled "CROWN PARK SECTION I AT CAROLINA PLANTATIONS A PLANNED RESIDENTIAL DEVELOPMENT" recorded in Map Book 60, Page 88 in the office of the Register of Deeds of Onslow County, North Carolina.

EXHIBIT B

Allocated Built Upon Areas

Community	Lot #	Maximum Built-Up Area (ft ²)
Crown Park Section 1	41	3,500
Crown Park Section 1	42	3,500
Crown Park Section 1	43	3,500
Crown Park Section 1	44	3,500
Crown Park Section 1	45	3,500
Crown Park Section 1	46	3,500
Crown Park Section 1	47	3,500
Crown Park Section 1	48	3,500
Crown Park Section 1	49	3,500
Crown Park Section 1	50	3,500
Crown Park Section 1	51	3,500
Crown Park Section 1	52	3,500
Crown Park Section 1	53	3,500
Crown Park Section 1	54	3,500
Crown Park Section 1	55	3,500
Crown Park Section 1	56	3,500
Crown Park Section 1	57	3,500
Crown Park Section 1	58	3,500
Crown Park Section 1	59	3,500
Crown Park Section 1	60	3,500
Crown Park Section 1	61	3,500
Crown Park Section 1	62	3,500
Crown Park Section 1	63	3,500
Crown Park Section 1	64	3,500
Crown Park Section 1	65	3,500
Crown Park Section 1	66	3,500

EXHIBIT C

Portion of Optional Additional Property

Declarant may, but is under no obligation to, subject additional real property to this Declaration, including without limitation the following:

All that certain tract or parcel of land lying and being situate in Jacksonville Township, Onslow County, North Carolina, and being more particularly described as follows:

A certain tract of land on the North side of Ramsey Road, NCSR 1324, 60 foot Right-of-Way, at the intersection with Carolina Forest Boulevard 80 foot Right-of-Way and being more particularly described as follows:

Commencing at a PK Nail found at the approximate centerline intersection of Ramsey Road and Carolina Forest Boulevard; thence with the centerline of Ramsey Road, North 49 degrees 03 minutes 54 seconds West, 1337.20 feet to a PK nail found; thence leaving said centerline, North 02 degrees 25 minutes 31 seconds West, 40.64 feet to an iron stake found on the Northern Right-of-Way Line of Ramsey Road, the Southwest corner of the Anthony W. Sydes Property as recorded in Deed Book 2149, Page 44, the TRUE POINT OF BEGINNING; THENCE from said point of beginning and leaving said Right-of-Way Line and with the Western Lines of said property, North 58 degrees 45 minutes 21 seconds East, 70.40 feet to a point; thence North 55 degrees 58 minutes 06 seconds East, 140.92 feet to an iron stake found; thence North 61 degrees 06 minutes 29 seconds East, 143.98 feet to an iron stake found; thence North 63 degrees 49 minutes 40 seconds East, 237.10 feet to an iron stake found; thence North 67 degrees 59 minutes 34 seconds East, 270.25 feet to a point; thence North 65 degrees 46 minutes 28 seconds East, 78.70 feet to an iron stake found; thence North 52 degrees 05 minutes 42 seconds East, 63.43 feet to an iron stake found; thence North 40 degrees 18 minutes 11 seconds East, 127.67 feet to a point; thence North 39 degrees 01 minutes 02 seconds East, 463.09 feet to an iron stake found; thence North 37 degrees 39 minutes 38 seconds East, 61.73 feet to an iron stake found; thence North 22 degrees 21 minutes 32 seconds East, 74.84 feet to an iron stake found; thence North 17 degrees 50 minutes 51 seconds East, 358.08 feet to an iron stake found; thence North 15 degrees 30 minutes 37 seconds East, 84.26 feet to an iron stake found; thence North 03 degrees 34 minutes 21 seconds West, 50.41 feet to an iron stake found; thence North 27 degrees 09 minutes 40 seconds West, 38.19 feet to a point; thence leaving said Western Lines, North 62 degrees 39 minutes 06 seconds East, 150.18 feet to a point; thence

North 55 degrees 34 minutes 06 seconds East 57.67 feet to a point; thence South 85 degrees 04 minutes 07 seconds East, 35.23 feet to a point; thence North 55 degrees 29 minutes 45 seconds East, 65.74 feet to a point; thence North 72 degrees 32 minutes 50 seconds East, 49.14 feet to a point; thence North 60 degrees 06 minutes 04 seconds East, 50.33 feet to a point; thence North 47 degrees 08 minutes 38 seconds East, 32.87 feet to an iron stake set; thence North 09 degrees 04 minutes 55 seconds East, 47.06 feet to a point; thence North 21 degrees 54 minutes 23 seconds East, 45.07 feet to a point; thence North 30 degrees 41 minutes 34 seconds East, 107.60 feet to an iron stake set; thence North 56 degrees 28 minutes 23 seconds East, 87.55 feet to an iron stake set; thence North 41 degrees 35 minutes 19 seconds East, 56.49 feet to an iron stake set; thence South 85 degrees 07 minutes 22 seconds East, 27.68 feet to an iron stake set; thence North 42 degrees 29 minutes 15 seconds East, 120.27 feet to an iron stake set; thence North 17 degrees 56 minutes 23 seconds East, 53.35 feet to an iron stake set; thence North 86 degrees 30 minutes 34 seconds East, 346.41 feet to an iron stake set; thence South 60 degrees 02 minutes 07 seconds East, 705.96 feet to an iron stake set; thence South 06 degrees 44 minutes 17 seconds West, 346.38 feet to an iron stake set; thence South 09 degrees 31 minutes 16 seconds West, 238.54 feet to an iron stake set; thence South 53 degrees 48 minutes 14 seconds East, 127.52 feet to a point; thence South 45 degrees 50 minutes 57 seconds East, 37.12 feet to a point; thence South 40 degrees 19 minutes 02 seconds East, 135.21 feet to a point; thence South 38 degrees 25 minutes 45 seconds East, 61.41 feet to a point; thence South 11 degrees 01 minutes 05 seconds East, 50.0 feet to a point; thence South 78 degrees 58 minutes 55 seconds West, 12.26 feet to a point; thence South 11 degrees 01 minutes 05 seconds East 150.0 feet to a point; thence South 78 degrees 58 minutes 55 seconds West, 595.37 feet to a point; thence South 03 degrees 26 minutes 19 seconds West, 26.15 feet to a point; thence South 42 degrees 12 minutes 28 seconds West, 691.85 feet to a point; thence South 01 degrees 28 minutes 20 seconds West, 125.69 feet to a point; thence South 19 degrees 18 minutes 59 seconds West, 186.76 feet to a point; thence South 56 degrees 47 minutes 44 seconds West, 413.91 feet to a point; thence South 37 degrees 12 minutes 37 seconds West, 160.90 feet to a point; thence South 82 degrees 04 minutes 08 seconds West, 181.77 feet to a point; thence South 10 degrees 22 minutes 30 seconds West, 634.01 feet to a point on the Northern Right-of-Way Line of Ramsey Road; thence with said Right-of-Way Line, North 68 degrees 02 minutes 44 seconds West, 64.57 feet to a point; thence North 64 degrees 25 minutes 30 seconds West, 58.12 feet to a point; thence North 61 degrees 08 minutes 57 seconds West, 71.85 feet to a point; thence North 55 degrees 45 minutes 43 seconds West, 72.61 feet to a point; thence North 52 degrees 16 minutes 11 seconds West, 52.60 feet to a point; thence North 49 degrees 58 minutes 15 seconds West, 55.02 feet to a

point; thence North 49 degrees 07 minutes 36 seconds West, 867.47 feet to a point; thence North 49 degrees 00 minutes 03 seconds West, 537.0 feet to a point; thence North 48 degrees 35 minutes 14 seconds West, 86.35 feet the point and place of beginning.

The described tract contains 108.05 acres, more or less, and being a portion of that property as recorded in Deed Book 2149, Page 44, and that property as recorded in Deed Book 2347, Page 851.

Less and except from the above described tract that property being described as follows:

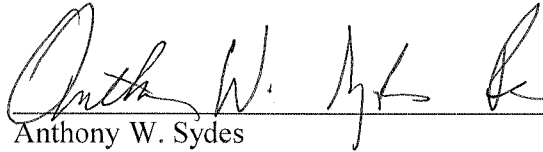
Commencing at the Northwest corner of the above described tract, said point being on the Western Line of the aforementioned Sydes Tract as recorded in Deed Book 2149, Page 44; thence with said Western lines, South 27 degrees 09 minutes 40 seconds East, 38.19 feet to an iron stake found; thence South 03 degrees 34 minutes 21 seconds East, 50.41 feet to an iron stake found; thence South 15 degrees 30 minutes 37 seconds West, 84.26 feet to an iron stake found; thence leaving said Western Lines, North 85 degrees 32 minutes 12 seconds East, 106.23 feet to a point; the TRUE POINT OF BEGINNING; THENCE from said point of beginning, North 65 degrees 07 minutes 29 seconds East, 208.58 feet to a point; thence South 36 degrees 27 minutes 38 seconds East, 507.23 feet to a point; thence South 40 degrees 23 minutes 24 seconds West, 46.17 feet to a point; thence along the arc of a curve having a radius of 470.0 feet and curving to the right, 48.71 feet (Chord South 43 degrees 21 minutes 34 seconds West, 48.69 feet) to a point; thence South 46 degrees 19 minutes 43 seconds West, 230.01 feet to a point; thence North 52 degrees 07 minutes 55 seconds West, 241.02 feet to a point; thence North 37 degrees 52 minutes 05 seconds East, 47.54 feet to a point; thence along the arc of a curve having a radius of 25.0 feet and curving to the right, 21.03 feet (Chord North 61 degrees 57 minutes 47 seconds East, 20.41 feet) to a point; thence along the arc of a curve having a radius of 50.0 feet and curving to the left, 171.61 feet (Chord North 12 degrees 15 minutes 58 seconds West, 98.95 feet) to a point; thence North 20 degrees 35 minutes 23 seconds West, 275.44 feet to the point and place of beginning.

The described exception tract contains 3.70 acres, more or less, and being a portion of that property as recorded in Deed Book 2149, Page 44. All courses are referenced to GPS Grid North, NAD '83, 2007 adjustment. This description being prepared by Parker and Associates, Inc. from surveyed and computed information.

CONSENT OF LIENHOLDER

Anthony W. Sydes, ("Lender") is the holder of the beneficial interest under that certain deed of trust dated March 10, 2010 given by Declarant for the use and benefit of Lender, covering all or portions of the Crown Park Property, and recorded on March 10, 2010, in Book 3370, at Page 812 in the office of the Register of Deeds of Onslow County, North Carolina. WASLAW, LCC is the trustee under said deed of trust ("Trustee"). Lender and Trustee hereby join in the execution of this Declaration to consent to the terms hereof, and to all restrictions, covenants, terms, easements, obligations and other matters set forth in this Declaration, as the same may hereafter be amended, modified, supplemented, or changed.

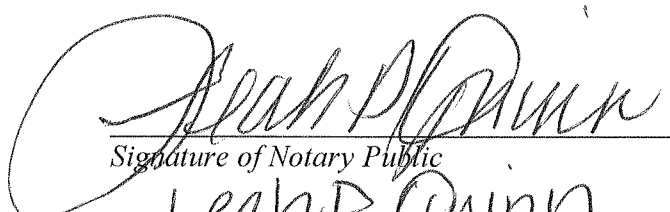
IN TESTIMONY WHEREOF, the parties have properly executed and sealed this Declaration, this the 8th day of July, 2010.

 (SEAL)
Anthony W. Sydes

STATE OF NORTH CAROLINA
COUNTY OF Onslow

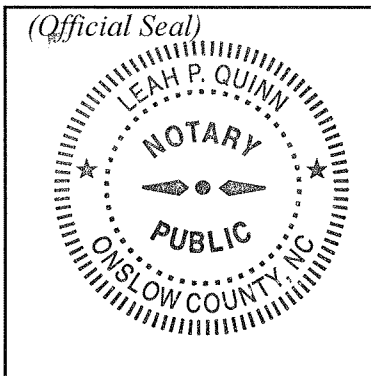
I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose(s) stated therein, in the capacity indicated therein: Anthony W. Sydes.

Date: 07/08/2010


Signature of Notary Public

Leah P. Quinn
Notary's printed or typed name

My commission expires: 12/14/2013



Notary seal or stamp must appear within this box.

WASLAW, LLC (SEAL)

By: Ward and Smith, P.A. (SEAL)
Member/Manager

By: [Signature] (SEAL)
C.H. Pope, Jr., Vice President

STATE OF NORTH CAROLINA
COUNTY OF CRAVEN

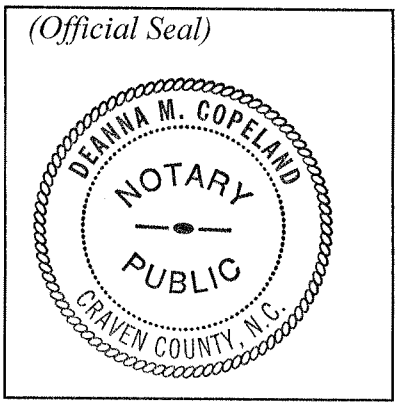
I certify that the following person personally appeared before me this day, acknowledging to me that he/she signed the foregoing document for the purpose(s) stated therein, in the capacity indicated therein: C.H. Pope, Jr.

Date: 7/8/2010

[Signature]
Signature of Notary Public

Deanna M. Copeland
Notary's printed or typed name

My commission expires: 3/7/2014



Notary seal or stamp must appear within this box.