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MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
OCEAN RIDGE PLANTATION

RE: Frank Gibson
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STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR OCEAN RIDGE PLANTATION

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS for Ocean Ridge Plantation ("Declaration") is made this _____ day of _____, 199____, by Ocean Ridge Farms, Inc. a North Carolina corporation ("Declarant").

Declarant is the owner of the real property described in Exhibit "A", which is attached and incorporated by reference. This Declaration imposes upon the Properties (as defined in Article I) mutual beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties, and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties.

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 IX) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors, and assigns.

ARTICLE I
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 "Articles of Incorporation" or "Articles": the Articles of Incorporation of Ocean Ridge Master Association, Inc., as filed with the North Carolina Secretary of State, and as may be amended from time to time.

1.2 "Association": Ocean Ridge Master Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.3 "Base Assessment": assessments levied on all Units subject to assessment under Article X to fund Common Expenses for the general benefit of all Units, as more particularly described in Sections 10.1 and 10.3.

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

1.5 "Builder": any Person which purchases one or more Units for the purpose of construction of improvements for later sale to consumers or parcels of land within the Properties for further subdivision, development, and/or release in the ordinary course of such Person's business.

1.6 "Business" and "Trade": shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration.

1.7 "By-Laws": the By-Laws of Ocean Ridge Master Association, Inc., attached as Exhibit "C" and incorporated by reference, as they may be modified or amended from time to time.

1.8 "Class "B" Control Period": the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors as provided in Section 3.3.

1.9 "Committee": the Architectural Standards Committee, as described in Article XI herein.

1.10 "Common Area": all real and personal property which the Association owns or leases for the common use and enjoyment of the Members.

1.11 "Common Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the By-Laws, and the Articles of Incorporation. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Voting Members representing a majority of the total Class "A" vote of the Association.

1.12 "Community-Wide Standard": the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and the Architectural Standards Committee.

1.13 "Declarant": Ocean Ridge Farms, Inc., a North Carolina corporation, its successors or assigns, or any legal entity acquiring title to any of the Property which has not been subjected to the terms of this Declaration, with the intent of and for the purpose of further development.

1.14 "Design Standards": the architectural standards and procedures adopted by the Architectural Standards Committee pursuant to Article XI and applicable to all Units within the Properties.

1.15 "Golf Course": any parcel of land adjacent to the Properties which is privately owned by the Declarant, its successors, or assigns, and which is operated by the Declarant or its successors or assigns, as one or more golf courses, and all related and supporting facilities and improvements operated in connection with such Golf Course.

1.16 "Limited Common Area": a portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Villages, as more particularly described in Article II.

1.17 "Member": a Person entitled to membership in the Association, as provided in Section 3.2.

1.18 "Mortgage": a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1.19 "Mortgagee": a beneficiary or holder of a Mortgage.

1.20 "Mortgagor": any Person who gives a Mortgage.

1.21 "Owner": one or more Person who hold the record title to any Unit, but excluding any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, then upon recording of such contract, the purchaser (rather than the fee owner) will be considered the Owner, if the contract specifically so provides.

1.22 "Ocean Ridge": the Properties, as defined in Section 1.24.

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

1.24 "Property or Properties": the real property described in Exhibit "A", together with such additional property subjected to this Declaration in accordance with Article IX.

1.25 "Special Assessment": assessments levied in accordance with Section 10.6 of this Declaration.

1.26 "Specific Assessment": assessments levied in accordance with Section 10.7 of this Declaration.

1.27 "Supplemental Declaration": an amendment or supplement to this Declaration filed pursuant to Article IX which subject additional property to this Declaration and/or imposes, expressly or by reference, changes to or additional restrictions and obligations on the land described therein.

1.28 "Unit": a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. The term shall include, by way of illustration but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, single-family detached houses on separately platted lots, and single family residential lots, as well as vacant common property of any Village Association, or property dedicated to the public.

1.29 "Village": two or more Units which share interests other than those common to all Units, as more particularly described in Section 3.4. By way of illustration and not limitation, a condominium development, townhome development, patio home development, cluster home development, or single-family detached housing development might each be designated as separate Villages, or a Village may be comprised of more than one housing type with other features in common.

Where the context permits or requires, the term "Village" shall also refer to the Village Committee, if any, established in accordance with the By-Laws, or the Village Association established to act on behalf of the Owners of Units within the Village. Village boundaries may be established and modified as provided in Section 3.4.

1.30 "Village Assessments": assessments levied against the Units in particular Village or Villages to fund Village Expenses, as described in Sections 10.1 and 10.4.

1.31 "Village Association": any condominium association or other owners association having jurisdiction over any Village.

1.32 "Village Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Owners and occupants of Units within a particular Village or Villages, which may include a reasonable reserve for capital repairs and replacements, as the Board may specifically authorize and as may be authorized herein or in Supplemental Declarations applicable to the Villages.

1.33 "Voting Member": the representative selected by the Members within each Village as provided in Section 3.4(b) to be responsible for casting votes attributable to Units in the Village on matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall include alternate Voting members acting in the absence of the Voting Member and any Owners authorized to personally cast the votes of their respective Units pursuant to Section 3.4.

ARTICLE II PROPERTY RIGHTS

2.1 Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) This Declaration, the By-Laws and any other applicable covenants;

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

(c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules restricting use of the recreational facilities within the Common Area to occupants of Units and their guests and rules limiting the number of guests who may use the Common Area;

(d) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 60 days for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, any applicable Supplemental Declaration, the By-Laws, or rules and regulations of the Association, after notice and a hearing pursuant to the By-Laws;

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 4.7;

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

(g) The right of the Board to permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(h) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth herein; and

(i) The right of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as more particularly described in Section 2.2.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the duration of the lease and any such lessee shall abide by all the restrictions contained herein. Any such lease shall not release the owner of his liability for damage to the Common Area caused by said lessee.

2.2 Limited Common Area.

(a) Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners, occupants and invitees of Units within a particular Village or Villages. By way of illustration and not limitation, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes and other portions of the Common Area within a particular Village or Villages. All costs associated with maintenance, repair, replacement, and insurance of Limited Common Areas shall be assessed as a Village Assessment against the Owners of Units in those Villages to which the Limited Common Area is assigned.

(b) Initially, the Declarant shall designate any Limited Common Area as such and shall assign the use thereof in the deed conveying the Common Area or in any plat or supplemental declaration filed pursuant to this Declaration. Thereafter, a portion of the Common Area may be assigned as Limited Common Area of a particular Village or Villages, and Limited Common Area may be reassigned, upon the vote of Voting Members representing a majority of the total Class "A" votes in the Association, including a

majority of the Class "A" votes within the Village to which the Limited Common Areas are assigned, if applicable, and within the Village to which the Limited Common Areas are to be assigned. As long as the Declarant owns any property described on Exhibits "A" or "B" for development and/or sale, any such assignment or reassignment shall also require the Declarant's consent.

(c) The Association may, upon approval of a majority of the members of the Village Committee or board of directors of the Village Association for the Village to which certain Limited Common Areas are assigned, permit Owners of Units in other Villages to use all or a portion of such Limited Common Areas upon payment of reasonable user fees, which fees shall be used to offset the Village Expenses attributable to such Limited Common Areas.

2.3 Easements for ingress and egress. There is hereby reserved to all authorized users an easement over the streets, roadways and walkways and the Common Areas for direct ingress and egress to and from the Common Areas, subject to Board regulation.

2.4 Golf Course. Access to and use of the Golf Course is strictly subject to the rules and procedures of the respective owners and/or operators of the Golf Course, and no Person gains any right to enter or to use those facilities by virtue of membership in the Association or ownership or occupancy of a Unit. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners and/or operators.

2.5 Reservation of Water Rights. The Declarant hereby reserves for itself and its successors and assigns all right to ground water, surface water, and storm water runoff within the Properties and each Owner agrees, by acceptance of a deed to a Unit, that the Declarant shall retain all such rights. No Person other than the Declarant and its designees shall claim, capture or collect rainwater, ground water, surface water or storm water runoff within the Properties without prior written permission of the Declarant. No Owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed under this provision. The Board shall also have the right to establish restrictions on or prohibit outside use of potable water within the Properties. Owners agree to abide by any applicable governmental rules or regulations on use of water for personal uses.

ARTICLE III ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

3.1 Function of Association. The Association shall be the entity responsible for management, maintenance, ownership, operation and control of the Common Area within the Properties. The Association shall be the primary entity responsible for

enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The Association shall perform its functions in accordance with this Declaration, the By-Laws, the Articles and applicable North Carolina law.

3.2 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of that membership. Membership privileges may be exercised by the Member or the Member's spouse. 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 Association.

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

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one vote for each Unit in which they hold the interest required for membership under Section 3.2; there shall be only one vote per Unit.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve or withhold approval of actions proposed under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member may appoint the members of the Board during the Class "B" Control Period, as specified herein. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in the By-Laws.

Class "B" Member shall be entitled to three (3) votes for each Unit owned. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

(i) when the Developer owns twenty-five percent (25%) or less of the Units in Ocean Ridge, including any property which may be annexed thereto, as herein provided, or

(ii) on January 1, 2010.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" member shall be exercised by the Voting

Member representing the Village of which the Unit is a part, as provided in Section 3.4(b).

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

3.4 Villages, Voting Members and Voting Groups.

(a) Villages. Every Unit shall be located in a Village. In the discretion of the Declarant, the Units within a particular Village may be subject to additional covenants and/or the Unit Owners may all be members of a Village Association in addition to being Members of the Association. However, a Village Association shall not be required except in the case of a condominium or as otherwise required by law. The Owners of Units within any Village which does not have a Village Association may elect a Village Committee, as described in the By-Laws, to represent the interests of such Owners.

Any Village may request that the Association provide a high level of service or special services for the benefit of Units in such Village, the Association shall provide the requested services. The cost of such services shall be assessed against the Units within such Village as a Village Assessment pursuant to Article X.

Upon written petition to the Association by a majority of the Class "A" owners of units within a particular Village, requesting the formation of a Village Association, the Association shall form a Village Association in accordance with the terms of this Declaration.

Each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to a specific Village by name, which Village may be then existing or newly created. In order to insure that all Villages in Ocean Ridge will be consistent with the common scheme of development the Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Village boundaries; provided, two or more Villages shall not be combined without the consent of Owners of a majority of the Units in the affected Villages.

For purposes of this Article, each section described in Exhibit A attached hereto is designated a separate Village.

(b) Voting Members. The Members within each Village shall elect one Voting Member. On all Association matters requiring a membership vote, each such Voting Member shall be entitled to cast the number of votes determined by the total number of Class "A" votes attributable to Units in the Village, as directed by the Members of the Village. The Class "A" Members within each Village shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member.

The Voting Member and alternate Voting Member from each Village shall be elected on an annual basis, either by written ballot or at a meeting of the Class "A" Members within such Village, as the Board determines; provided, upon written petition of Class "A" Members holding at least 10% of the votes attributable to Units within any Village, the election for such Village shall be held at a meeting. The presence, in person or by proxy, of Class "A" Members representing at least 30% of the total Class "A" votes attributable to Units in the Village shall constitute a quorum at any Village meeting.

The Board shall call for the first election of the Voting Member and alternate Voting Member from a Village not later than one year after the first conveyance of a Unit in the Village to a Person other than a Builder. Subsequent elections shall be held within 30 days of the same date each year. Each Class "A" Member shall be entitled to cast one equal vote for each Unit which it owns in the Village for each position. The candidate for each position who receives the greatest number of votes shall be elected for each position to serve a term of one year and until a successor is elected. Any Owner of a Unit in the Village may submit nominations for election or declare himself a candidate in accordance with procedures which the Board shall establish.

Any Voting Member or Alternate Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Village which such Voting Member represents. Within 30 days of the effective date of such removal, new Voting Member or Alternate Voting Member may be elected as herein provided.

Until such time as the Board first calls for election of a Voting Member for a Village, the Owners within such Village may personally cast the votes attributable to their respective Units on any issue requiring a vote of the Voting Members under this Declaration, the By-Laws, or the Articles.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, roads, road rights of way, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order and repair, consistent with this Declaration and the Community-wide Standard.

4.2 Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the properties described in Exhibits "A" or "B", personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed.

4.3 Rules. The Association, through its Board, may make, revoke, amend and enforce reasonable rules governing the use of the Properties, in addition to further defining or limiting, and, where specifically authorized hereunder, creating exceptions to, those covenants and restrictions set forth in this Declaration. Such rules shall be binding upon all Owners, occupants, invitees, lessees, guests and licensees until and unless repealed or modified in a regular or special meeting by the vote of Voting Members representing two-thirds (2/3) of the total Class "A" votes in the Association and by the Class "B" Member, so long as such membership exists.

4.4 Enforcement. The Association may impose sanctions for violations of this Declaration, the By-Laws, or rules in accordance with procedures set forth in the By-Laws, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as a Specific Assessment authorized by Section 10.7 of this Declaration.

4.5 Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, or Chapter 55A of the North Carolina General Statutes, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, Articles, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

4.6 Indemnification. To the maximum extent allowed by North Carolina law, the Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonable incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be party by reason of being or having been an officer, director or committee member.

The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.7 Dedication of Common Areas. The Association may dedicate portions of the Common Areas to any local, state, or federal governmental entity, subject to such approval as may be required by Section 14.2 of this Declaration.

4.8 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be, including the maintenance of security gates. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

4.9 Powers of the Association Relating to Villages. The Association shall have the power to veto any action taken or contemplated to be taken by any Village Association or Village Committee which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-wide Standard. The Association also shall have the power to require specific action to be taken by any Village Association or Village Committee in connection with any of its obligations and responsibilities. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by

the Village Association or Village Committee, and (b) require that a proposed budget include certain items and that specific expenditures be made.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Village Association or Village Committee shall be taken within the reasonable time frame set by the Association in such written notice. If the Village Association or Village Committee fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Village Association or Village Committee.

To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units in such village for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Section 10.7. Such assessments may be collected as a Specific Assessment hereunder and shall be subject to all lien rights provided for herein.

ARTICLE V MAINTENANCE

5.1 Association's Responsibility. The Association shall maintain and keep in good repair the Common Area, which shall include, but need not be limited to:

(a) all landscaping and other flora, parks, subdivision signage, structures, and improvements, including any streets and rights of way, bicycle and pedestrian pathways and trails, situated upon the Common Area; except for any such items for which some other entity has expressly assumed responsibility;

(b) at its sole discretion, the Association may accomplish the repairs or maintenance for Common Area or Limited Common Area within any Village, either by agreement with the Village or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Village Assessment only against the Units within the Village to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class. The Association also has the authority to take appropriate legal action to require the responsible Village to comply with the provisions of this Declaration and any rules and regulations adopted hereunder.

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(c) the Association may maintain other property which it does not own, including, without limitation, publicly owned property, conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

5.2 Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, landscaping, parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Village pursuant to the Supplemental Declaration or other declaration of covenants applicable to such Unit. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 10.7. The 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.

5.3 Village's Responsibility.

(a) Upon Board resolution, the Owners of Units within each Village shall be responsible for paying, through Village Assessments, the costs of operating, maintaining and insuring certain portions of the Common Area within or adjacent to such Village. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and open space between the Village and adjacent public roads and private streets within the Village, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Villages which are similarly situated shall be treated the same.

(b) Any Village Association having any responsibility for exterior maintenance of property and landscaping within such Village shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If it fails to do so, the Association may, but is not required to, perform such responsibilities and assess the costs against all Units within such Village as provided in Section 10.7.

5.4 Standard of Performance.

(a) Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as other duties, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All

maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants.

(b) Notwithstanding anything to the contrary contained herein, the Association, and/or and Owner and/or a Village Association shall not be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent that it has been negligent in the performance of its maintenance responsibilities.

ARTICLE VI
INSURANCE AND CASUALTY LOSSES

6.1 Association Insurance. The Association shall maintain adequate and appropriate insurance coverage on all Common Areas, as provided in the Bylaws of the Association.

ARTICLE VII
PARTITION

7.1 Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No Person shall seek any judicial partition unless the Properties or such portion thereof have been removed from the provisions of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

7.2 No Unit may be subdivided.

ARTICLE VIII
CONDEMNATION

8.1 If any part of the Common Area shall be taken (or conveyed in lieu of condemnation by the Board acting on the written direction of Voting Members representing at least 67% of the total Class "A" votes in the Association and of the Declarant, as long as the Declarant owns any property described in Exhibits "A" and "B") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

8.2 If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of this Declaration, Voting Members representing at least 67% of the total Class "A"

votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of the Bylaws regarding funds for the repair of damage or destruction shall apply.

ARTICLE IX
ANNEXATION AND WITHDRAWAL OF PROPERTY

9.1 Annexation without Approval of Membership.

(a) Until January 1, 2010, Declarant may unilaterally subject to the provisions of this Declaration all or portions of the real property described in Exhibit "B" or any real property contiguous with or within one and one-half (1½) miles from the real property described in Exhibit "B" (herein called "Future Development Property"). Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any of the property set forth in Exhibit "B" or the Future Development Property in any manner whatsoever.

(b) Such annexation shall be accomplished by filing a Supplemental Declaration in the land records of Brunswick County, North Carolina, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of Voting Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

(c) The development of the property described in Exhibit "B" or the Future Development Property shall be in accordance with the same general scheme of development of Ocean Ridge.

9.2 Withdrawal of Property. The Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Declarant, its affiliates, or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Declarant's plans for the Properties, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

9.3 Additional Covenants and Easements. The Declarant may unilaterally subject the property submitted to this Declaration initially or by Supplemental Declaration to additional covenants and easements, provided that such amendment or modification does not alter the basic Subdivision character and further provided that this right to amend shall not render these covenants and restrictions purely personal to the Developer and the benefits and burdens contained in this Declaration shall remain mutual and reciprocal to all Owners. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent 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 the Declarant.

9.4 Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibits "A" or "B" or any Future Development Property.

ARTICLE X
ASSESSMENTS

10.1 Creation of Assessments.

(a) The Association is hereby authorized to levy assessments against each Unit for Association expenses as the Board may specifically authorize from time to time. There shall be four types of assessments for Association expenses: (1) Base Assessments to fund Common Expenses for the general benefit of all Units within the Properties; (2) Village Assessments for village Expenses benefitting only Units within a particular Village or Villages; (3) Special Assessments as described in Section 10.6; and (4) Specific Assessments as described in Section 10.7. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

(b) All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by North Carolina law), late charges, costs, and reasonable attorney's fee, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 10.9. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage or any individual obtaining title by or through a foreclosure shall be personally

liable for unpaid assessments which accrued prior to such acquisition of title. In the event of any transfer of title to a Unit, the lien of the assessments shall not be extinguished.

(c) Assessments shall be paid in such manner and on such dates as the Board may establish. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Village Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

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

(e) No Owner may exempt himself from liability for assessments, by nonuse of Common Area, abandonment of his Unit, or any other means. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

(f) The Association is specifically authorized, but not obligated, to enter into subsidy contracts or contracts for "in kind" contribution of services, materials or a combination of services and materials with the Declarant or other entities for payment of Common Expenses.

10.2 Declarant's Obligation for Assessments. During the Class "B" Control Period, Declarant may annually elect either to pay regular assessments on its unsold Units, or to pay the difference between the amount of assessments collected on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year. Unless the Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, the Association shall have a lien against all Units owned by the Declarant to secure the Declarant's obligations under this paragraph, as set out in the Article. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind"

contributions of services or materials, or by a combination of these.

10.3 Computation of Base Assessment.

(a) At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 10.5.

(b) The Base Assessment shall be levied at a uniform rate against all Units and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment under Section 10.8 on the first day of the fiscal year for which the budget is prepared and the number of Units reasonably anticipated to become subject to assessment during the fiscal year.

(c) The Board may, in its discretion, levy a Base Assessment on unimproved units which is not less than fifty percent (50%) of the amount of the Base Assessment on improved units. Improved units are units on which a residence has been constructed and a certificate of occupancy issued. Unimproved units are units on which a residence has not yet been constructed or a certificate of occupancy has not yet been issued.

(d) So long as the Declarant has the right to unilaterally annex additional property pursuant to Article IX, the Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 10.2 above), which may be either a contribution, an advance against future assessments due from the Declarant, or a loan, in the Declarant's discretion. Any such subsidy and the nature thereof shall be conspicuously disclosed as a line item in the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Declarant.

(e) The Board shall send a copy of the budget and notice of the amount of the Base Assessment for the following year to each Owner at least 30 days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Voting Members representing at least 75% of the total Class "A" votes in

the Association, and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in the By-Laws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments.

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

10.4 Computation of Village Assessments.

(a) At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Village Expenses for each Village on whose behalf Village Expenses are expected to be incurred during the coming year. The Board shall be entitled to set such budget only to the extent that this Declaration, any Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess certain costs as a Village Assessment. Any Village may request that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such budget. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items maintained as a Village Expense, if any.

(b) Village Expenses shall be levied at a uniform rate among all Units within the benefitted Village; provided, if so specified in the Supplemental Declaration applicable to such Village, or if so directed by petition signed by a majority of the Owners within the Village, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on the benefitted Unit.

(c) The Board shall cause a copy of such budget and notice of the amount of the Village Assessment to be sent to each owner in the effected Village at least 30 days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved by a majority of the Owners of Units in the Village to which the Village Assessment applies. However, there shall be no obligation to call a meeting for purpose of considering the budget except on petition of Owners of at least 10% of the Units in such Village, which petition must be submitted to the Board within 10 days after delivery of the notice of assessments. This right to disapprove shall only apply to those lines in the Village budget which are attributable to services requested by the Village.

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

10.5 Reserve Budget and Capital Contribution. The Board shall annually prepare reserve budgets for both general and Village 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. The Board shall set the requirement for capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Base Assessments or Village Assessments, as appropriate.

10.6 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Village if such Special Assessment is for Village Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Voting Members (if a Common Expense) or Owners (if a Village Expense) representing a majority of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

10.7 Specific Assessments.

(a) The Board shall have the power to levy Specific Assessments against a particular Unit or Units constituting less than all Units within the Properties or within a Village, as follows:

(1) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners (which might include, without limitation, landscape maintenance, handyman service, pool cleaning, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner; and

(2) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the By-Laws or rules, or costs incurred as a consequence of the conduct of the Owner or occupant of the Unit, their licensees, invitees, or guest; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying a Specific Assessment under this subsection (b).

(b) The Association may also levy a Specific Assessment against any Village to reimburse the Association for costs incurred in bringing the Village into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws, and rules, provided the Board gives the Voting Member from such Village prior written notice and an opportunity to be heard before levying any such assessment.

10.8 Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Unit on the first day of the month following the month in which the Board first determines a budget, and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Village Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

10.9 Lien for Assessments.

(a) All assessments authorized in this Article shall constitute a lien against the Unit against which they are levied until paid. The lien shall also secure payment of interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including reasonable attorneys fees). Such lien shall be superior to all other liens, except the liens of all ad valorem taxes or assessments, and any other liens which by law would be superior.

(b) The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of Brunswick County or file a suit to collect such delinquent assessments and charges. The Association may file Notice of Lis Pendens, bring an action of law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property, or utilize any other remedy provided under North Carolina law. No Owner may waive or otherwise escape liability for the assessments provided for herein.

10.10 Effect of Nonpayment of Assessments; Remedies of the Association: Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due

date, the same shall bear interest from the date of delinquency at the maximum legal rate allowed in the State of North Carolina per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors, not more than the maximum legal rate allowed in the State of North Carolina of the amount of the delinquent assessment. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments.

10.11 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 or any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Village 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 Association may retroactively assess any shortfalls in collections.

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

- (a) all Common Area or Limited Common Area;
- (b) any property dedicated to and accepted by any governmental authority or public utility;
- (c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment under Section 10.8 (in which case the Unit shall not be exempted from assessment); and
- (d) any lot which is not approved by any governmental agency for residential use.
- (e) any commercial property.
- (f) any unit or property owned of record by the Declarant, its successors or assigns.

ARTICLE XI
ARCHITECTURAL STANDARDS

11.1 General.

(a) No structure shall be built, placed, erected, or installed upon any Unit, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article and the Design Guidelines and upon approval of the Committee under Section 11.2.

(b) Any Owner may remodel, paint or redecorate the interior of structures on his Unit without approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) This Article shall not apply to the activities of the Declarant, nor to improvements to the Common Area by or on behalf of the Association.

(d) This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

11.2 Architectural Review.

(a) Responsibility for administration of the Design Standards, as defined below, and review of all applications for construction and modifications under this Article shall be handled by the Committee as described in subsections (a) and (b). The members of the Committee need not be Members of the Association and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full or prior to review.

(b) Architectural Standards Committee (herein "Committee"). The Committee shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all construction on any portion of the Properties. Until 100% of the Properties have been developed and conveyed to Owners other than Builders, the Declarant retains the right to appoint all members of the Committee who shall serve at the Declarant's discretion. Upon the expiration of such right, the Board shall appoint the members of the Committee, who shall serve and may be removed in the Board's discretion.

11.3 Standards and Procedures.

(a) The Declarant shall prepare the initial Design Standards and application and review procedures (the "Design Standards") which shall apply to all construction activities within the Properties. The Design Standards may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, and intended use.

(b) The Committee shall adopt such Design Standards at its initial organizational meeting and thereafter shall have sole and full authority to amend them subject to the approval of the Board of Directors. Any amendments to the Design Standards shall apply to construction and modifications commenced after the date of such amendment only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

(c) The Committee shall make the Design Standards available to Owners and Builders who seek to engage in development or construction within the Properties and all such Persons shall conduct their activities in accordance with such Design Standards.

11.4 Submission of Plans and Specifications.

(a) No construction or improvements shall be commenced, erected, placed or maintained on any Unit, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening shall have been submitted to and approved in writing by the Committee. The Design Standards shall set forth the procedure for submission of the Plans. A reasonable fee for the review of said plans shall be required and submitted, along with said Plans and any other supporting documents required by Committee.

(b) In reviewing each submission, the Committee may consider visual aesthetics, natural platforms and finish grade elevations, harmony of external design with surrounding structures and environment, and location in the relation to surrounding structures and plant life. The Committee may require relocation of native plants within the construction site as a condition of approval of any submission. Location of any driveways shall be subject to the approval of the Committee.

(c) The Committee shall, within 30 days after receipt of each submission of the Plans, advise the party submitting the same in writing, at an address specified by such

party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

(d) If construction does not commence on a project for which Plans have been approved within 12 months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

11.5 No Waiver of Future Approvals. Each Owner acknowledges that the members of the Committee will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

11.6 Variance. The Committee may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Committee from denying a variance in other circumstances.

11.7 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, nor the Committee, shall be held liable for any injury, damages, or loss arising out of the review and approval of any application, including, but not limited to the manner or quality of

construction, defects in any plans or specifications, or deficiencies in kind or quality of materials used.

11.8 Enforcement.

(a) Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit owner and the benefitted Unit and collected as a Specific Assessment.

(b) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties. In such event, neither the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

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

11.9 Specific Design Standards.

(a) Culverts. The cost of any culvert and covering is to be borne by the Owner and the construction specifications must meet the Association's approval. The culvert must be installed before any construction may begin on a Unit.

(b) Completion. For a Single-Family Dwelling, the exterior of the dwelling, including painting, must be completed within six (6) months from date construction begins. Construction beginning shall be the date the footings are commenced.

(c) Size.

(1) Single-Family detached houses on separated platted lots having one (1) story shall contain at least 2000 square feet of living area (heated space), exclusive of garages. Two story structures shall contain at least 1400 square feet of living area (heated space) on the ground floor, unless limitations due to required setbacks warrants a variance.

(2) "Patio" or "zero lot line" homes shall contain at least 1700 square feet of living area (heated space).

(d) Garage. An attached garage accommodating at least two (2) full-size vehicles with the garage doors fully closed is required for all single family residences.

(e) Placement. Arbitrary, inflexible setback lines are not in the best interest of Ocean Ridge nor the owners of property therein, nor in keeping with the Community Standard. The Committee shall determine the location of any structure, having regard to aesthetic considerations, the Community Wide Standard, size, shape and location of the property, the type of housing, and any other reasonable considerations.

(f) Fence. All fences shall be designed, constructed and placed as approved by the Committee. In addition, any fence erected within the Golf Course Easement, as defined in §133 herein, shall only be erected with the consent of the Declarant and any Golf Course operator, their respective agents, successors or assigns.

(g) Landscaping. All lot landscaping shall be approved by the Committee, including removing and replacing trees on each lot.

(h) Compliance with Local Regulations. Buildings must in all particulars meet the requirements of the Brunswick County Health Department regulations and any local building code. No construction may commence on any Unit until prior approval of any governmental agency having jurisdiction over said construction is obtained.

(i) Temporary Structures. No temporary house, trailer, tent, garage, or other building shall be placed or erected on any Lot or Parcel, provided, however, that the Committee may grant permission for any such temporary structures for storage of materials during construction. No such temporary structures as may be approved shall be used at any time as a dwelling place.

(j) Detached Structures. The Committee has the authority to allow or prohibit detached structures in connection with any residential unit within Ocean Ridge, in its sole discretion.

ARTICLE XII USE GUIDELINES AND RESTRICTIONS

12.1 Plan of Development; Applicability; Effect.

(a) Declarant has created Ocean Ridge as a residential and recreational development and, in furtherance of its

and every other Owner's interest, has established a general plan of development for Ocean Ridge as a planned community. The Properties are subject to land development, architectural, and design guidelines as set forth in Article XI. The Properties are subject to guidelines and restrictions governing land use, individual conduct, and uses of or actions upon the Properties as provided in this Article XII. This Declaration establishes affirmative and negative covenants, easements, and restrictions (the "Use Guidelines and Restrictions").

(b) All provisions of this Declaration and of any Association rules shall also apply to all occupants, tenants, guests and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of this Declaration, the By-Laws, and the rules of the Association.

(c) Declarant promulgates Ocean Ridge's general plan of development in order to protect all Owner's quality of life and collective interests, the value of all Owner's property within Ocean Ridge, aesthetics and environment within the Properties, and the vitality of and sense of community within Ocean Ridge.

12.2 Board Power.

(a) Subject to the terms of this Article XII and to its duty of care and undivided loyalty to the Association and its Members, the Board shall implement and manage the Use Guidelines and Restrictions through rules which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions. Prior to any such action, the Board shall conspicuously publish notice of the proposal at least five business days prior to the Board meeting at which such action is to be considered. Voting Members shall have a reasonable opportunity to be heard at a Board meeting prior to action being taken.

(b) The Board shall send a copy of any proposed new rule or amendment to each Owner at least 30 days prior to its effective date. The rule shall become effective unless disapproved at a meeting by Voting Members representing at least two-thirds (2/3) of the total Class "A" votes or by the Class "B" Member, if any. The Board shall have no obligation to call a meeting of the Voting Members to consider disapproval except upon petition of the Voting Members as required for special meetings in By-Laws.

(c) The Board shall have all powers necessary and proper, subject to its exercise of sound business judgment and reasonableness, to effect the powers contained in this Section 12.2.

(d) The Board shall provide, without cost, a copy of the Use Guidelines and Restrictions then in effect to any requesting Member or Mortgagee.

12.3 Owners' Acknowledgement.

(a) All Owners and all the Properties are subject to the Use Guidelines and Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 12.2.

(b) 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 provisions, agrees to be bound thereby, and that the Use Guidelines and Restrictions and rules may change from time to time.

12.4 Rights of Owners. Except as may be specifically set forth in Section 12.6, the Board may not adopt any rule in violation of the following provisions:

(a) Equal Treatment. Similarly situated Owners and occupants shall be treated similarly.

(b) Activities Within Unit. No rules shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance, or that create a nuisance.

12.5 Initial Use Guidelines and Restrictions.

(a) General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business or sales offices for the Declarant or the Association), except as otherwise provided herein.

(b) Animals and Pets. No animal or livestock of any description, except the usual household pets, shall be allowed. Should the household pet be a dog or another large pet, it shall be kept in the dwelling or fenced or kept on a leash accompanied by a person and shall not be allowed to run loose in the subdivision.

Noise from excessive barking could be considered a nuisance as provided in this Declaration.

(c) Storage Receptacles. Every fuel storage tank shall be EPA approved and buried below the surface of the ground. Every outdoor receptacle for ashes, trash, rubbish, or garbage shall be screened or so placed and kept as not to be visible from any street or recreation area, or golf course property.

(d) Placement of Outdoor Clothes Drying Structure. No outdoor clothes poles, clothes lines or similar equipment shall be placed on any Unit, unless it be screened so that it is not visible from any street, recreational area or adjoining property.

(e) Maintenance of Units. All Units shall be maintained at all times in accordance with the Community-Wide Standard, and no unattractive growth or accumulation of rubbish or debris shall be permitted. All unimproved Units shall, as a minimum, be mowed or bushhogged at least once in June and once in October.

(f) Offensive and Illegal Activities. No noxious, offensive or illegal activities shall be carried on within the subdivision nor shall anything be done that shall be or become an unreasonable annoyance or nuisance to any resident.

(g) Parking. No vehicle shall be parked within any street right-of-way in the subdivision. No truck larger than a half-ton pick-up truck shall be parked for longer than forty-eight (48) hours on any Unit in such a manner as to be visible to the occupants of other Units or users of any streets or recreational areas. The Association may grant limited relief from this requirement, for a specified time period if it deems such relief to be reasonable and expedient to the circumstances. No stripped, partially wrecked, or junk motor vehicle, or part thereof, shall be parked or kept on any street or Unit.

(h) Repair or Removal of Buildings. Any building which may be destroyed in whole or parts by fire, windstorm or from any other form or act of God must be rebuilt or all debris removed and the Unit restored to a sightly condition with reasonable promptness, provided, however, that in no event shall such debris remain longer than three (3) months.

(i) Outside Burning. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted except in accordance with a valid burning permit from the appropriate government agency having jurisdiction over such activities and from the Association.

(j) Signs. No signs are permitted, except in accordance with the rules and regulations of the Association, subject to the approval of the Committee.

(k) Hunting. No hunting or discharge of firearms within the subdivision is permitted.

(l) Garbage. Garbage and trash shall be disposed by Owners in accordance with the rules and regulations of the Association.

(m) Antennas. Exterior T.V., microwave and radio antennas are permitted as specifically allowed by the Architectural Standards Committee pursuant to Article XI herein.

(n) Recreational Vehicles. No recreational vehicles, camping trailers or mobile homes shall be parked on any property within the subdivision.

(o) Well Installation. The Owners of single-family residential lots and of patio or garden lots shall be allowed to install one single well per Unit for the purpose of irrigating the land comprising the Unit. This right shall be subject to the Declarant's reservation of rights in all surface and sub-surface water in the Properties.

(p) Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by the Board subject to any conditions imposed by the Board:

(i) Activities which materially disturb or destroy the vegetation, wildlife, water or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(ii) Any Business, Trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the activity does not involve regular visitation of the Unit by clients, employees, agents, customers, suppliers, or other business invitees, or door-to-door solicitation of residents of the Properties; and (c) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

(iii) Rental of any Unit, other than Units owned or managed by the Declarant, for a period of less than ninety (90) days.

(g) Declarant's Activities. (1) This subsection shall not apply to any activity conducted by the Declarant with respect to its development and sale of the Properties or any commercial activities of the Declarant, and (2) Declarant shall be specifically authorized to rent or lease any unit which it owns or manages for other owners, and to maintain model units or sales offices in any unit which it owns.

12.6 Stormwater Run Off Rules. All single family residential lots are subject to the State of North Carolina rules and regulations and concerning stormwater run off as these rules and regulations are amended from time to time. These regulations currently provide that each lot will be restricted to 8,000 square feet of built upon area, including that portion of the driveway located within a street right-of-way, which runs from the property line to the road pavement; and walkways or patios of brick, stone or slate, and marl or stone covered areas, not including wood decking or the water surface of swimming pools. All drainage swales or drainage patterns used to treat stormwater run off as required by the State of North Carolina may not be filled in, piped or changed without the consent of the Declarant, its designee, or the State, and must be maintained as set forth herein. The State of North Carolina is hereby made a beneficiary of this Declaration to the extent necessary to enforce its stormwater run off regulations as the same may be amended from time to time. This paragraph cannot be changed or deleted without the consent of the State of North Carolina.

ARTICLE XIII EASEMENTS

13.1 Easements for Utilities, Etc.

(a) There are hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A" or "B", or the Future Development Property, the Association, and the designees of each, access and maintenance easements upon, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any cable television system, any master television antenna system, any security and similar systems, roads, walkways, bicycle pathways, trails, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, garbage pickup, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes in this Declaration or on recorded plats of the Properties. Any damage to a Unit resulting from the exercise of this easement shall

promptly be repaired by, and at the expenses of, the Person exercising the easement rights. The exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

(b) Declarant specifically grants to the local garbage service, water supplier, sewer company, septic tank company, telephone company, common carriers, and electric company, easements across the Properties for ingress, egress, for the purpose of installation, reading, replacing, repairing, and maintaining utility installations, including meters and boxes. However, the exercise of this easement shall not extend to permitting entry into a dwelling. Utilities may not be installed or relocated on the Properties, except as approved by the Board of Declarant.

13.2 Easement for Utility Installation.

(a) All of the property, including Units and Common Area, shall be subject to a perpetual non-exclusive easement for water lines, sanitary sewers, storm drainage facilities, telephone and electric power lines, television antenna lines, and other public utilities as shall be established by the Declarant. The Association shall have the power and authority to grant and to establish in, over, upon and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the property.

(b) The Declarant reserves perpetual, non-exclusive easements for installation and maintenance of water, sewer and drainage facilities, and all other utilities over an area a maximum of 10 feet from the rear, front and side lot lines of each Lot, and easements for drainage, sewer and utilities as may be shown and designated on any recorded plat of said property.

(c) The Declarant reserves a perpetual, non-exclusive easement for the installation, maintenance and repair of water, sewer, drainage and all other utilities within the right of way of all roads and streets as shown on the recorded plats of the Property.

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

13.4 Easement for Golf Courses.

(a) Each Unit, all Common Areas within Ocean Ridge, which are located adjacent to any Golf Course, are burdened with a Golf Course Easement, permitting golf balls unintentionally to come upon such property or for golfers at reasonable times and in a reasonable manner to come upon the property to retrieve errant golf balls; provided, however, this provision shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Association or its Members; the Golf Course owner and/or operator and its successors.

(b) The Declarant and any operator of the Golf Course, its respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course.

(c) The Declarant and the operator of any Golf Course, and their respective agents, successors, assigns, guests, vendors, invitees, licensees, employees, shall have a perpetual easement and right of ingress and egress over and across any of the roads in the Property, for the purpose of providing the right of ingress and egress, for pedestrian and vehicular travel, to and from said Golf Courses.

(d) The Declarant reserves, for itself and any operator of any Golf Course, its successors, assigns, guests, invitees, licensees, employees and agents a perpetual easement and right of ingress and egress over and across all areas designated as golf course cart paths and shown on any recorded plat of the Properties. The construction, maintenance and repair of said golf course cart paths shall be the responsibility of the Declarant and/or any operator of any Golf Course, and its successors and assigns.

(e) The Declarant reserves, for itself and any operator of any Golf Course, its successors and assigns, a perpetual easement within any of the road rights of way within Ocean Ridge, for the establishment, repair and maintenance of directional signs relating to said Golf Courses and shall be responsible for the cost and expenses relating to the exercise of said easement.

13.5 Easements for Cross-Drainage. Every Unit and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Unit so as to materially increase the drainage of storm water onto adjacent

portions of the Properties without the consent of the Owner of the affected property.

13.6 Easement for Entry. The Association have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article V hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, By-Laws, and rules, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

13.7 Easement for Maintenance. All maintenance of any water, sewer or drainage easement shall be the responsibility of the Owner of the Unit on which said easement is located, his heirs, successors and assigns. No structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, sewer or drainage facilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the Unit, except for those improvements for which a public authority or utility company is responsible.

13.8 Easement for Street Lighting. The Declarant reserves the right to subject the real property in this subdivision to a contract for the installation of street lighting, which requires a continuing monthly payment by the Association.

13.9 Easement for Irrigation.

(a) There is hereby reserved for the benefit of the Declarant, and the owner/operator of the Golf Course, and their successors and assigns, a permanent exclusive easement and right (1) to pump water, including treated waste water, from the lakes, ponds, lagoons, waterways, basins, water table, wells, water dependant structures and other bodies of water located in, on or under the Property for the purpose of irrigating any portion of the Property, and the Golf Course, and (2) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Areas and/or lands within the Property owned by the

Declarant. The pumping or other removal of any water from any lake, pond, lagoon or body of water wholly or partly within the Property, for any purpose other than fire fighting is prohibited without express written permission of the Declarant.

(b) The Property is hereby burdened with a permanent, exclusive easement in favor of the Declarant and any owner/operator of the Golf Course, and their successors and assigns, for overspray and/or surface or sub-surface flow of water from any irrigation system serving the Properties and/or the Golf Course. Said water may be non-potable water and may be a product of or effluent from a public or private sewer system serving the Property and/or other properties. Under no circumstances shall the Declarant, the Association or the owners or operators of the Golf Courses be held liable for any damage or injury resulting from said water, or the exercise of this easement.

13.10 Easements for Owner's Ingress and Egress. Every Owner, and their heirs, successors, assigns, guests and licensees, shall have a perpetual easement and right of ingress and egress over and across any of the roads located or to be located within the Properties, as shown on any recorded plats of the Property, for the purpose of providing vehicular and pedestrian access to and from the Properties.

13.11 Central Sewer System.

(a) The Declarant reserves the right and authority, for as long as Declarant owns any of the Property described herein, to construct, install, maintain and operate a central sewer system within Ocean Ridge serving all or any part of the Units and Common Areas. In such event, Owners may be required to connect to said central sewer system, and all sewer systems serving any amenities or Common Areas within the Properties may be required to be connected to said central sewer system. The requirement for individual unit Owners to connect to any central sewer system which may be installed within Ocean Ridge shall apply both to Units purchased prior to the construction of said central sewer system and those purchased after the construction of said system.

(b) By the acceptance of a deed to any Unit, the Owner acknowledges and agrees that he/she may be required to connect to said central sewer system, to pay the cost of the construction, installation, repair and maintenance of the sewer lines serving his or her individual Unit, to pay any tap-on fee and any monthly use fee and other costs incidental to this requirement to connect to and utilize said central sewer system.

(c) In the event that the ownership and control of a septic system serving any Units or any of the amenities of Ocean Ridge, is conveyed to the Association or any Community Association, or any public or private sewer company, the provisions of this

section shall apply in the event of the construction of a central sewer system.

(d) The easements reserved in this Master Declaration for installation, repair and maintenance of utilities expressly include the installation, repair and maintenance of a central sewer system.

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

(f) The Developer reserves the right, for itself and for its successors and assigns, to construct, install, maintain and operate said central sewer system within the Properties, and to connect to and utilize any public sewer system which may be extended to the Properties by any municipality or any agency thereof.

13.12 Easement for Pathways. Each Owner, and their authorized guests or invitees, shall have a perpetual, non-exclusive easement for the use and enjoyment of any bicycle paths, pedestrian paths, or nature preserve trails, which may be established by the Declarant, as shown on recorded plats of the Property.

ARTICLE XIV MORTGAGEE PROVISIONS

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

14.2 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently modify any of its respective requirements which necessitate the provisions of this Declaration, the Board, without approval of the Owners, may record an amendment to this Declaration to reflect such change.

14.3 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response within 30 days of the mailing of such request, provided such request is delivered to

the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XV
DECLARANT'S RIGHTS

15.1 Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the By-Laws. No such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the land records of Brunswick County, North Carolina.

15.2 So long as sales of Units by the Declarant shall continue, the Declarant, and Builders authorized by Declarant, may maintain and carry on such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to sales and business offices, signs, model units, and sales offices. The Declarant and authorized Builders shall have easements for access to and use of such facilities.

ARTICLE XVI
GOLF COURSE

16.1 Ownership and Operation of Golf Courses. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Persons with regard to the continuing existence, ownership or operation of the Golf Course, if any, and no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined in by the Declarant and the then Owner and/or operator of any Golf Course.

16.2 Right to Use. Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use any Golf Course. Rights to use the Golf Course will be granted, continued and/or terminated, only to such persons, and on such terms and conditions, as may be determined from time to time by the owner and/or operator of the Golf Course.

16.3 View Impairment. Neither the Declarant, the Association nor the owner or operator of the Golf Course guarantees or represents that any view over and across the Golf Course from adjacent Units will be preserved without impairment. The owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees,

bunkers, fairways and greens on the Golf Course from time to time. Any additions or changes to the Golf Course may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and/or radio waves and are hereby expressly disclaimed.

16.4 Limitation on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the owner of the Golf Course, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Course by other provisions of this Declaration, may be made without the written approval of the owner and/or operator of the Golf Course.

ARTICLE XVII
GENERAL PROVISIONS

17.1 Term. This Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of 40 years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding each extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified therein.

17.2 Amendment.

(a) By Declarant. Until termination of the Class "B" Control Period, Declarant may unilaterally amend this Declaration for any purpose so long as said amendment does not materially change the character of the subdivision. Thereafter, the 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 Units; or (iii) required by an institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make, purchase, insure or guarantee mortgage loans on the Units; or (iv) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the legal title to any Unit unless the Owner shall consent thereto in writing.

(b) By Owners. After termination of the Class "B" Control Period, this Declaration may be amended by the affirmative

vote or written consent, or any combination thereof, of Voting Members representing 67% of the total Class "A" Votes in the Association.

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 land records of Brunswick County, North Carolina, unless a later effective date is specified therein.

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

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

17.4 Cumulative Effect. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Village and the Association may, but shall not be required to, enforce the covenants, conditions, and provisions of any Village; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of

incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Village shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

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

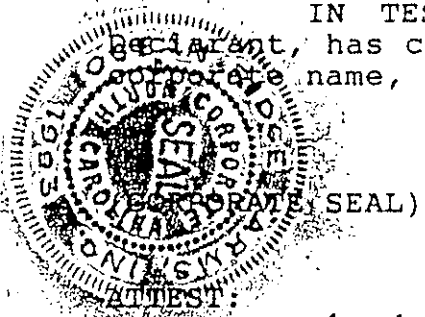
17.6 No Waiver: The failure of the Association or any person or Owner to enforce any restriction contained in this Declaration, the Articles, the Bylaws or the rules and regulations shall not be deemed a waiver of the right to do so thereafter.

17.7 Conflict: In the event of any irreconcilable conflict between this Declaration and the Articles and/or the By-Laws of the Association, the provisions of this Declaration shall control.

IN TESTIMONY WHEREOF, Ocean Ridge Farms, Inc., the Declarant, has caused this instrument to be executed in its corporate name, this 19th day of January, 1995.

OCEAN RIDGE FARMS, INC.

BY: [Signature] (SEAL)
President



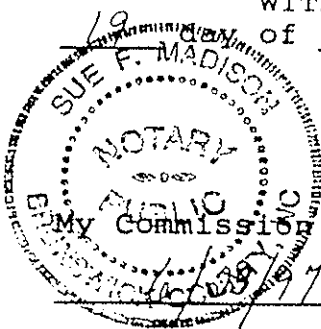
[Signature]

STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Sue F. Madison, a Notary Public in and for the State and County aforesaid, do certify that Margery J. Ware personally came before me this day and acknowledged that he/she is Secretary of Ocean Ridge Farms, Inc., a North Carolina corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself/herself as its Secretary.

WITNESS my hand and notarial stamp or seal, this the 19 day of January, 1995.



Sue F. Madison
Notary Public

NORTH CAROLINA

COUNTY OF BRUNSWICK

The foregoing certificate of Sue F. Madison, a Notary Public of Brunswick County, North Carolina, is certified to be correct.

This the 23rd day of February, 1995.

Robert Robinson
REGISTER OF DEEDS OF BRUNSWICK COUNTY

BY: Gretchen E. Thompson
Deputy

EXHIBIT "A"

Land Initially Submitted

Tract 1. All property shown as Phase 1, Section 1 on a plat of the subject property recorded in Map Cabinet Z, Pages 119, 120 and 121, Brunswick County Registry.

Tract 2. All property shown as Phase 1, Section 2 on a plat of the subject property recorded Map Cabinet Z, Pages 122 and 123, Brunswick County Registry.

Tract 3. All property shown as Phase 1, Section 3 on a plat of the subject property recorded Map Cabinet Z, Page 124, Brunswick County Registry.

EXHIBIT "B"

Future Development Property

Being all that certain parcel of land as shown on a map of a survey prepared by James R. Tompkins, R.L.S. dated October 30, 1992 and recorded in Map Cabinet X at Page 107, in the office of the Register of Deeds, Brunswick County, North Carolina, containing 436.8 acres.

Excepting therefrom those certain parcels of land as shown on maps recorded in Map Cabinet Z, Pages 119, 120 and 121, Map Cabinet Z, Pages 122 and 123, Map Cabinet Z, Page 124, Brunswick County Registry.

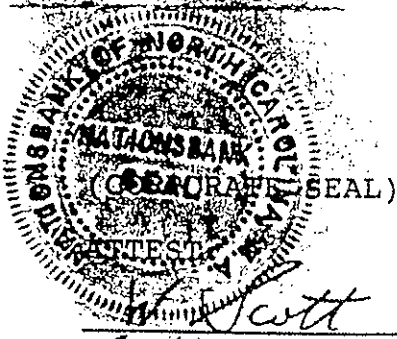
CONSENT OF MORTGAGEE

NationsBank of North Carolina, a National Banking Association, formerly known as NCNB National Bank of North Carolina, is the holder of that certain Deed of Trust on the property as described in the foregoing Master Declaration of Covenants, Conditions and Restrictions for Ocean Ridge, said Deed of Trust having been filed in Book 822 at Page 173 in the Office of the Register of Deeds of Brunswick County and as holder of said Deed of Trust does hereby consent to the terms, conditions and covenants in the foregoing Master Declaration and agrees that the lien of said Deed of Trust is subject to the terms, conditions and covenants contained in said Master Declaration.

In witness whereof, NationsBank of North Carolina, has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 22 day of September, 1994, and Dennis A. Crocker, as Trustee has hereunto set his hand and seal, this the 22 day of September, 1994.

NATIONSBANK OF NORTH CAROLINA

By: [Signature]
J. Vae President



[Signature]
Asst. Secretary

[Signature]
Dennis A. Crocker, Trustee

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, E. Carol Lewis, a Notary Public of the State and County aforesaid, certify that W. Scott Irby, III personally came before me this day and acknowledged that he/she is Assistant Secretary of NationsBank of North Carolina, a national banking association, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Sr. Vice President, sealed with its corporate seal, and attested by himself/herself as its Assistant Secretary.

WITNESS my hand and official seal this 22 day of September, 1994.



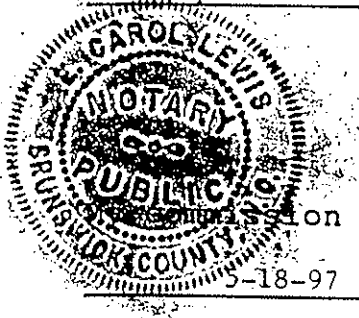
E. Carol Lewis
Notary Public

Commission Expires:

STATE OF NORTH CAROLINA
COUNTY OF BRUNSWICK

I, E. Carol Lewis, a Notary Public in and for the State and County aforesaid, do hereby certify that Dennis A. Crocker, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 22 day of September, 1994.



E. Carol Lewis
Notary Public

Commission expires:
5-18-97

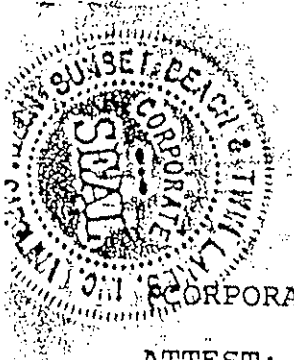
CONSENT OF MORTGAGEE

Sunset Beach & Twin Lakes, Inc., a North Carolina corporation, is the holder of that certain Deed of Trust on the property as described in the foregoing Master Declaration of Covenants, Conditions and Restrictions for Ocean Ridge, said Deed of Trust having been filed in Book 1016 at Page 236 in the Office of the Register of Deeds of Brunswick County and as holder of said Deed of Trust does hereby consent to the terms, conditions and covenants in the foregoing Master Declaration and agrees that the lien of said Deed of Trust is subject to the terms, conditions and covenants contained in said Master Declarations.

In witness whereof, Sunset Beach & Twin Lakes, Inc. has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 19th day of January, 1995, and as Trustee has hereunto set her hand and seal, this the 19th day of January, 1995.

SUNSET BEACH & TWIN LAKES, INC.

By: Howard M. Cole, Jr.
President



ATTEST:

Denise G. De...
Secretary

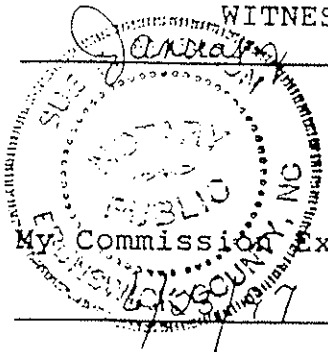
Karin L. Stanley
Trustee

STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Due I Madison, a Notary Public of the State and County aforesaid, certify that Dinah E Gore personally came before me this day and acknowledged that ~~he~~/she is _____ Secretary of Sunset Beach & Twin Lakes, Inc., a North Carolina corporation with its principal office in New Hanover County, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by ~~himself~~/herself as its _____ Secretary.

WITNESS my hand and official seal this 19 day of January, 1995.



Due I Madison
Notary Public

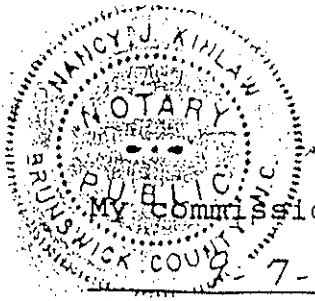
My Commission expires: _____

STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Nancy J. Kinlaw, a Notary Public in and for the State and County aforesaid, do hereby certify that Karin L. Stanley, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 19th day of January, 1995.



Nancy J. Kinlaw
Notary Public

My Commission expires: _____