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Carteret County, NC

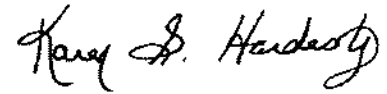
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Prepared by & Mail to: Brady Boyette, PLLC, Hilary McLeod, 1025 Dresser Court, Raleigh, NC 27609

NORTH CAROLINA
CARTERET COUNTY

DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR THE CABINS AT OLD HORSE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for the Cabins at Old Horse (as may be amended or supplemented as set forth herein, the "Declaration") is made this 31st day of August, 2024 (the "Effective Date"), by S&L Development, LLC, a North Carolina limited liability company, whose address is 192 White Oak Bluff Road, Stella, NC 28582 (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property in Carteret County, North Carolina, and more particularly described in Exhibit A attached hereto and made a part hereof (the "Land"), and desires to subject said real property to certain covenants, conditions and restrictions as hereinafter set forth herein.

WHEREAS, Declarant is developing a detached Condominium community known as "The Cabins at Old Horse" by constructing tiny homes referred to herein as "Units" that shall be used for residential purposes as well as common real estate and improvements that are to be owned by a homeowners' association to which the Owner must belong.

WHEREAS, at the time of the conveyance of a Unit, the Declarant intends to make available the common amenities on the Property, if any, as they are built, and, at the time of completed

completed development, the entire Property, excluding the Units, shall be conveyed without cost or charge to the Association.

NOW THEREFORE, the Declarant hereby declares that the Property is and shall be held, transferred, sold and conveyed subject to the covenants, conditions and restrictions set out herein this Declaration, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property as a whole. This Declaration shall run with the land and shall be binding upon the Declarant and upon the parties having or acquiring any right, title or interest, legal or equitable in and to the Property or any part or parts thereof, and shall inure to the benefit of the Declarant and each of Declarant's successors in title to any portion of the Property.

ARTICLE I DEFINITIONS

"Articles" or "Articles of Incorporation" shall mean those articles, filed with the Secretary of State of North Carolina, incorporating The Cabins at Old Horse Homeowners Association, Inc. as a nonprofit corporation under the provisions of North Carolina state law, as the same may be amended from time to time.

"Assessments" means Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments and Fine Assessments.

"Association" shall mean and refer to THE CABINS AT OLD HORSE HOMEOWNERS ASSOCIATION, INC., to be formed as a nonprofit corporation, its successors and assigns.

"Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

"Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time and attached hereto this Declaration.

"Class A Members" shall mean as defined in Section 4.5.1 below.

"Class B Members" shall mean as defined in Section 4.5.2 below.

"Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation and the Rules and Regulations, if any, and any other basic documents used to create and govern the Association.

"Common Areas" shall mean all the Land and improvements located on the Land outside of the Units (including but not limited to retention ponds, storm drainage improvements, entrance signage, streets (including any dedicated streets prior to their acceptance for public maintenance), right-of-way and easements for public and private utilities, the pond, landscaped areas and the 10' area surrounding the pond, the garden area, parking area, and cluster box units for Residents to receive mail, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The certain real property located at Parcel ID 537703042614000 in Swansboro, Carteret County North Carolina, which Declarant currently owns and shall deed to the Association (the "Boat Ramp Parcel"), shall also be included in the definition of Common Areas.

"Common Areas Interest" shall mean and refer to the undivided percentage interest in the Common Areas allocated to each Unit as set forth on Exhibit A attached hereto. In the event the Declaration elects to exercise its Development Right under Article II of this Declaration to create additional Units, this Declaration shall be revised by a Supplemental Declaration as set forth under Article II to provide for a new allocation of Common Areas Interest which shall substitute and replace Exhibit A attached hereto. The Common Areas Interest shall be used to allocate the division of proceeds, if any, resulting from any casualty loss or eminent domain proceedings but shall not be used to determine voting rights in the Association, which shall be allocated equally among all Units except as otherwise set forth herein.

"Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Condominium community, including, without limitation thereof, operation of the Property, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Property; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas, including, but not limited to private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

"Condominium" shall mean and refer to the Cabins at Old Horse, a detached condominium community as declared by the Carteret County planning department and as established by the submission of the Property to the terms of the North Carolina Condominium Act by this Declaration.

"Condominium Act" shall mean and refer to the North Carolina Condominium Act, currently codified as Chapter 47C of the North Carolina General Statutes, as the same may be amended from time to time.

"Declarant" shall mean and refer to S&L Development, LLC, a North Carolina limited liability company, its successors and assigns.

"Default" shall mean any violation or breach of, or any failure to comply with this Declaration or any other Constituent Documents.

"Development Period" means the period commencing on the date on which this Declaration is recorded in the Carteret County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Unit within the Association, or (ii) the date that Declarant relinquishes in writing Declarant's right to appoint the Board of Directors.

"Development Rights" shall mean and refer to the rights preserved by Declarant in Article II of this Declaration.

"Fine Assessment" means the charge established by Section 5.5.2 of this Declaration.

"Individual Assessment" means the charge established by Section 5.4 of this Declaration.

"Land" shall mean and refer to the real property subject to this Declaration, exclusive of any improvements located thereon or incorporated therein, which is more particularly described on Exhibit A attached hereto.

"Limited Common Areas" shall mean and refer to those portions of the Common Areas allocated by this Declaration or for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units. be defined as a shared space on the property that is reserved for the use of certain Unit Owners. The Limited Common Areas shall be the Lots as described herein.

"Lot" shall mean and refer to any parcel of land upon which a Unit has been or is to be constructed. The Declarant has the right to establish additional Lots in accordance with the terms of this Declaration. For purposes of this Declaration, the term "Lot" or "Lots" shall be synonymous with **"Limited Common Areas"** as defined herein.

"Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

"Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Unit but shall exclude those persons or entities having an interest in any Unit merely as security for the payment or performance of an obligation.

"Plans" shall mean the site plan attached hereto as Exhibit B, and any amendments or supplements thereto.

"Property" shall mean and refer to the Land, the Units and all other improvements and structures located on the Land, all easements, rights and appurtenances belonging or appertaining to the Land, and all other real estate that may be annexed into this Declaration and the Association by the Declarant.

"Regular Assessment" means the charge established by Article V of this Declaration.

"Resident" shall mean and refer to any person, not an Owner, living in the Owner's Unit, including, but not limited to, temporary guests and Tenants.

"Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

"Special Assessment" means the charge established by Section 5.2 of this Declaration.

"Special Declarant Rights" shall mean the rights reserved for the benefit of Declarant in the Constituent Documents as more particularly described in Section 2.7.

"Tenant" means any person occupying any Unit pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

"Unit" shall mean and refer to a portion of the Property, as more particularly described in Article II of this Declaration, that is subject to individual ownership by an Owner.

"Working Capital Assessment" means the charge established by Section 5.3 of this Declaration.

In addition, the definitions set forth in N.C. Gen. Stat. 47C-1-103 are incorporated in this Declaration by reference, and the terms defined therein shall have the meanings set forth therein when used in this Declaration or Constituent Documents, unless those terms are expressly defined otherwise in this Declaration or unless it is plainly evidence from the context that a different meaning is intended.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE II

DESIGNATION OF CONDOMINIUM; DESCRIPTION OF UNITS; DEVELOPMENT RIGHTS

Section 2.1. Location and Designation. The Land on which the Units and other improvements are located is located entirely in Carteret County, North Carolina, contains approximately 11.84+/- acres, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. The Land is subjected to the terms of the Condominium Act by this Declaration.

Section 2.2. Name. The name of the Condominium is The Cabins at Old Horse.

Section 2.3. Location of Units. The location and of the Units are shown on the Plans. If Declaration exercises its Development Right to create additional Units and Common Areas, the Amendment to this Declaration required by N.C. Gen. Stat. 47C-2-110 shall contain a revised set of Plans, which shall show the location of any new Building.

Section 2.4. Units. Developer intends to build a total of forty-three (43) residential condominium units existing on the Property.

Section 2.5. Unit Boundaries. The elevation limits and boundaries for each Unit shall be the height and dept depicted on the approved Plans.

Section 2.6. Subject to this Declaration. The Property, each portion thereof, and all Units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

Section 2.7. Development Rights.

2.7.1 During the Development Period, Declarant shall have access to and use of all portions of the Property except inside individual Units without Owner's prior permission.

2.7.2 Declarant reserves an option, in its sole and absolute discretion, during the Development Period, to annex additional real estate and to construct additional Units and Common Areas into the Property.

2.7.3 Declarant reserves a Development Right to create up to an additional seven (7) residential Units so that the maximum number of residential Units that may be created by Declarant is fifty (50). The identifying number for each Unit is set forth on Exhibit A and on the Plans. If Declarant exercises its Development Right to create additional Units and Common Areas, Declarant shall execute and record an amendment to the Declaration in accordance with N.C. Gen. Stat. 47C-2-110 (a "Supplemental Declaration"). Any Supplemental Declaration executed and recorded by Declarant shall contain a revised set of Plans, which shall provide for a new allocation of Common

Areas Interest and contain new identifying numbers for the Units thereby created which shall substitute and replace Exhibit A attached. Notwithstanding the foregoing, if Declarant receives approval from Carteret County to develop more than fifty (50) Units, the maximum number of residential Units shall be as permitted by Carteret County. Under the current ordinance, Declarant would be allowed to build twelve (12) 1-bedroom units per acre or ten (10) 2-bedroom units per acre. *Section 2.8. Reservation of Special Declarant Rights.* Declarant reserves the right to maintain sales and management offices, model units, construction trailers, storage or staging areas, and advertising signs upon Lots or the Common Areas and upon Lots owned by it until the expiration of the Development Period and to exercise all other "Special Declarant Rights" as defined in the Condominium Act. Declarant shall have the right to use easements through the Common Areas for the purpose of completing construction. Declarant shall have the right to appoint or remove officers of the Association or members of the Board during the Development Period. Declarant shall have the right to assign all or a portion of any rights or easements reserved herein by a written agreement thereof, recorded in the Carteret County Registry. Declarant may transfer any Special Declarant Rights created or reserved under the Constituent Documents to any person or entity by an instrument evidencing the transfer duly recorded in the office of the Register of Deeds of Carteret County, North Carolina. The instrument shall not be effective unless it is executed by the transferor and the transferee. Upon the transfer of any Special Declarant Rights, the liability of the transferor and the transferee shall be as set forth in N.C. Gen. Stat. 47C-3-104.

ARTICLE III PROPERTY RIGHTS IN COMMON AREAS

Section 3.1. Undivided Interest of Owners in Common Areas. The percentage interest in the Common Areas allocated to each Unit shall be the Common Areas Interest for that Unit as set forth in Exhibit A attached hereto. The Common Areas Interest allocated to each Unit shall not be changed except with the unanimous consent of all the Owners of all the Units, except as may be specifically authorized elsewhere in this Declaration. In particular, if Declarant exercises its Development Rights to create additional Units and Common Areas, Declarant shall have the right to adjust the Common Areas Interest for each Unit. The Supplement Declaration required under N.C. Gen. Stat. 47C-2-110 shall contain a new allocation of the Common Areas Interest which shall be substituted for Exhibit A attached to this Declaration in the event that Declarant exercises this Development Right.

Section 3.2. Owner's Right of Enjoyment. Except as herein otherwise provided, each Owner shall have a right of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his or her Unit. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.2.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for a period not to exceed sixty (60) days for each such infraction, or for any non-payment or delinquency of the Assessments against such Owner's Unit for a period not to exceed the period of such non-payment or delinquency;

3.2.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guests of Owners and Residents who may use the Common Areas at any one time;

3.2.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas; or

3.2.4 The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the property maintenance or operation of the Property.

Section 3.3. Use of Common Areas by Declarant. In addition to the specific rights reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales and similar purposes until all of the Units have been sold.

ARTICLE IV HOMEOWNERS ASSOCIATION

Section 4.1. Homeowners Association. There has been created a North Carolina non-profit corporation, known as The Cabins at Old Horse Homeowners Association, Inc., which shall be responsible for the maintenance, management and control of the Common Areas and upon each Unit as more specifically set forth in this Declaration.

Section 4.2. Board of Directors. The Board of Directors, and such officers as they may be elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for day-to-day operation of the Association.

Section 4.3. Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend, and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities, and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Property, including prohibiting, restricting or imposing charges for the use of any portion of the Property by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended, or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4. Membership of the Association. Every Owner of a Unit shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration, when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Unit automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Unit that is subject to Assessment.

Section 4.5. Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Unit has been erected within the Property, shall automatically be a Class A Member of the Association except the Declarant during the Development Period; provided, however,

that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. Class A Members shall be entitled to one (1) vote for each Unit in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Unit, then the vote for the membership appurtenant to such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

4.5.2 Class B Members. The Class B Member during the Development Period shall be the Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.5.3 Voting. There shall be one (1) vote per Unit, regardless of the number of Owners of a Unit. A Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6. Maintenance Obligations of the Association.

4.6.1 The Association, at its expense, shall maintain, operate, and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Association. This shall include, without limitation, the maintenance, repair, replacement and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; (c) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Unit; and (d) all Land maintenance with the exception of (i) the driveways and pathways as further described in Section 4.7.3, (ii) and the plant beds around the Units as further described in Section 4.7.4, and (iii) if the Owner elects to install as fence as further described in Section 4.7.5. The Association shall make the determination as to when maintenance, repair, replacement, and care shall be done, and its determination shall be binding. Notwithstanding the foregoing, the Association's responsibility for the maintenance and repair of the Common Areas, shall in all events exclude maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, Tenants, invitees or family members, which shall be the responsibility of the Owner.

4.6.2 The Association shall be responsible for contracting with private entities for waste pickup and yard maintenance (except to the extent of the plant beds around the Units).

4.6.3 The Association shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association.

4.6.4 The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7. Maintenance Obligations of the Unit Owners.

4.7.1 Each Owner shall clean, maintain, keep in good order, repair, and replace at his or her expense all portions of the Unit. Each Owner is responsible for all exterior maintenance of the Unit, including but not limited to the roof, windows, doors, siding and gutters. Each Owner must clean the exterior of the Unit annually to ensure the structure is free of mold, mildew and grime. Any repair, replacement, and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association. In the event of damage or destruction to a Unit, the reconstructed or repaired Unit must be substantially the same to the Unit prior to the damage or destruction.

4.7.2 Each Owner shall not alter or change the appearance of any exterior portion of his or her Unit, without the written consent of the Architectural Committee.

4.7.3 Each Owner shall be responsible for maintaining the pathways from the roadways and gravel driveways to each Owner's respective Unit. Acceptable pathway materials include stone, pavers, gravel, or other pervious materials. No impervious materials are permitted on the pathways. Each Owner, upon receipt of written consent from the Architectural Committee or Board, may pave his or her driveway with pervious concrete in lieu of the gravel grid system.

4.7.4 Each Owner shall keep each Lot clean and neat. Each Owner shall be responsible for the plant beds within three (3) feet of the Units, and such plant beds shall be maintained with mulch or pine straw as needed annually.

4.7.5 Each Owner shall have the right, but not the obligation, to install a fence in accordance with the architectural guidelines and upon receipt of written consent from the Architectural Committee. Owners electing to install a fence (i) shall be granted exclusive rights to the fenced-in area in the same manner as if the area was parceled and individually owned, (ii) shall be solely responsible for maintaining the entirety of the Lot, and (iii) must allow the adjacent Owner to tie his or her fence into the existing fence using the installed fence between the Units as a line of exclusive rights demarcation. All fences must conform to the dimensions shown on the fencing site layout developed by the Declarant and must be four (4) feet black picket aluminum, matching the black aluminum fencing installed by the Declarant. All fencing installed after the Declarant ceases its Class B membership must be approved by the Architectural Committee or the Board.

4.7.6 Each Owner shall perform his or her responsibilities in such manner so as to not unreasonably disturb other persons residing within the Property.

4.7.7 Each Owner shall be deemed to agree by acceptance of delivery of a deed to a Unit to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee, or family member, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Unit Owner, or owned by any guest, invitee, tenant or licensee of such Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.4 and Section 7.3 below.

ARTICLE V
COVENANT FOR ASSESSMENTS

Section 5.1. Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses.

Section 5.2. Special Assessments. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) for any one item or in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of at least fifty percent (50%) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Unit by Declarant occurred. As of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit as of the Effective Date of this Declaration, by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers. Until the expiration of the Development Period or the date on which Declarant no longer owns a Unit, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Unit's proportionate share of the Special Assessment for the capital improvements, and shall give the Owner(s) written notice of the proportionate share and of the date(s) that the Special Assessment is due and payable.

Section 5.3. Working Capital Assessment. Upon the initial transfer of record of a Unit from the Declarant to an Owner, the purchaser is required to pay a sum equal to one (1) full quarter of the Regular Assessment due as his or her initial contribution to the working capital of the Association. This sum is not an advance payment of the quarterly Regular Assessment; rather the sum is allocated to a working capital fund to meet unforeseen expenditures and operating expenses or to purchase any additional equipment or services. While the Declarant is in control of the Association, it cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs. When control of the Association is transferred to the Owners, the working capital fund shall be transferred to the Association for deposit to a segregated fund. After control of the Association is transferred to the Owners, the Declarant shall be responsible for collecting the initial contribution to the working capital account and forwarding such funds to the Association. Additionally, at the closing, each purchaser of a Unit is required to pay a pro-rata share of the Regular Assessment due as of the month of closing. The Association is authorized to collect a transfer fee from the purchaser and seller at the sale of a Unit at the amount set by the Board of Directors.

Section 5.4. Individual Assessment. In the event that the need for maintenance, repair, or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, his or her guests or invitees, his or her pet(s), or a Resident, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair or replacement done and the

cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.5. Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.5.1 The quarterly Regular Assessment provided for herein shall commence as to each Owner, except Declarant, on the first day following the initial conveyance of the Unit to the Owner and shall be adjusted according to the number of days remaining in the quarter. The Declarant, its successors and assigns, shall not be required to pay the Regular Assessment for any Unit which it owns until such time as Declarant transfers the Unit to a third party. The Board of Directors shall fix the amount of the quarterly Regular Assessment to be paid by each Class A Member against each Unit at the beginning of each calendar year. Written notice of the quarterly Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the due dates.

5.5.2 The Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment, as a fine or penalty for violation of this Declaration, all in accordance with the Condominium Act. A lien may be filed for this Fine Assessment and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.5.3 The Association shall pay the water and sewer bill for the entire Property, including the Units and Common Areas. The Assessment for water and sewer shall be part of the Regular Assessment and shall be considered a Common Expense. Each Unit Owner shall bear an equal share of such bill, but the Association can assess an extra amount against an Owner to recover the cost of any extraordinary amount of water used by that Owner. "Extraordinary" shall be as determined by the discretion of the Board of Directors.

5.5.4 Both Regular Assessment and Special Assessments for an Owner shall be determined by the Association based upon the proportion that each Unit bears to the aggregate number of Units located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.5.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Unit not occupied as a residence.

Section 5.6. Billing. The Association shall inform each Owner of the amount of the Regular Assessment due from the Owner of that particular Unit. This Regular Assessment may be paid as required by the Association. Each Owner must pay his or her Unit's required Regular Assessment in advance on the first calendar day of each month, unless the Association otherwise directs. Payment is to be made to such person at such an address as the Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association unless the Association otherwise directs. The Owners of the Units, except Declarant, shall be obligated to begin paying the Regular Assessment as of the first day of the initial conveyance of the Unit from Declarant to the Owner. If the Property is expanded and additional Units are brought into the Property during a given Assessment year, those additional Units shall begin paying the Regular Assessment on the first day of the initial conveyance of the Units from Declarant to the Owner.

Section 5.7. Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each

Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.8. Non-Payment of Assessments. Any Assessment levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Unit which shall bind the Unit in the hands of the then Owner and the Owner's successors and assigns. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by the Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Unit, in either of which events interest, costs and reasonable attorneys' fees shall be added to the amount of each Assessment. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Unit.

Section 5.9. Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the clerk of superior court in Carteret County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with the Condominium Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.10. Late Charge. The Association may impose a charge against any Unit Owner who fails to pay any amount assessed by the Association against his or her Unit within ten (10) days after such Assessments are due and payable and who fails to exercise his or her rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be twenty percent (20%) of the delinquent amount, or such other amount as may be determined by the Association from time to time. Additionally, if an Owner shall be in Default in payment of an installment upon an assessment or of a single quarterly assessment, the Association has the right to accelerate all quarterly Assessments remaining due in the current fiscal year. The total of such Assessments, together with the delinquent Assessments shall then be due and payable by the Owner no later than ten (10) days after the delivery of written notice of such acceleration to the Owner or twenty (20) days after mailing of such notice to him by certified mail, whichever occurs first. If such acceleration amount is not paid by the due date, the above-described late charge may be imposed on the part of such accelerated amount not paid by the due date.

Section 5.11. Miscellaneous. This Section 5.11 applies to every type of Assessment.

5.11.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.11.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Unit owned. Otherwise, notice sent by the Association to the Unit is sufficient for any notice requirement under this Declaration.

5.11.3 The lien under this Article V arises automatically, and no notice of lien need be recorded to make the lien effective.

5.11.4 No Owner of a Unit may exempt himself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Unit.

ARTICLE VI EASEMENTS AND ENCUMBRANCES

Section 6.1. Easement for Encroachments. The Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2. Utility Easements. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any Unit located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. The Declarant reserves surface water drainage easements wherever the same may be necessary for proper maintenance of the roads and driveways, and the right to direct water from its natural course to a more suitable course within the Land whenever it deems the same to be necessary or desirable.

Section 6.3. General Easements. An easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Areas, the Lots and/or Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of Declarant over the Common Areas for the purpose of advertising or promoting sales of Units.

Section 6.4. Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the Common Areas, to and from a thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.5. Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successor and assigns, to enter upon the Land for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Land. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway, or other means of access that are located on the Common Areas of the Property. This

reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Property.

ARTICLE VII INSURANCE

Section 7.1. General Insurance. The Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance in accordance with the following provisions:

7.1.1 The Association shall purchase a master policy for the benefit of the Association, the Unit Owners, their mortgagees as their interest may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

7.1.2 All Common Areas now or at any time hereafter constituting a part of the Property shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred percent (100%) of the replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation, and architect's fees, without deduction for depreciation. The policy shall have cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water, and the overflow of a body of water), and agreed amount endorsements and a deductible on any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs but higher per loss risk resulting from a high deductible, together with all other pertinent factors. The policy providing such coverage shall provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt. Such policy shall also contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission, or neglect of any person unless such act, omission or neglect is within the knowledge and control of the Association prior to the occurrence of the loss. Such policy shall not provide coverage for any items of personal property owned by any Unit Owner.

7.1.3 The Association shall maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Areas.

Section 7.2. Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Unit Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.1 and Section 7.3 herein.

Section 7.3. Responsibility of Unit Owners. The Association shall not be responsible for procurement or maintenance of any insurance covering any Unit, or the contents of any Unit nor the liability of any Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located on the Property. Each Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within the Unit. If an Owner chooses to install a fence in compliance with Section 4.7.5, then such Owner shall, at his or her own expense, obtain public liability insurance

for personal injuries or damage arising out of the use and occupancy of or occurring within the Lot. In addition, each Owner shall maintain fire and extended coverage insurance on his Unit, and the contents of his Unit. The Association may request the Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time. Each Owner agrees that if any Owner damages any improvements now or at any time hereafter constituting a part of the Common Areas of the Property which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of: (a) the insurance deductible due under the Association's insurance policy; or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Owner(s) or twenty (20) days after mailing of such notice by certified mail, whichever occurs first. In the event an Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days' written notice.

ARTICLE VIII ASSOCIATION

Section 8.1. Association. The administration of the Condominium community shall be vested in the Association. The Owner of any Unit, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his or her ownership of such Unit ceases for any reason, at which time his or her membership in the Association shall automatically cease. The Association shall have the full power and responsibility to administer, operate, sustain, maintain, and govern the Condominium community including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable Rules and Regulations; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instructions relating to the establishment, existence, operation, or alteration of the Condominium community. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in the Condominium Act.

Section 8.2. Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors (the "Board"). The Association, in accordance with the Bylaws, shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 8.3. Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Units. The Association does not warrant in any way or for any purpose, the improvements located on the Property. Construction defects are not the responsibility of the Association.

8.3.2 In any case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE IX
HARMONY, ENVIRONMENTAL CONTROLS

Section 9.1. Architectural Committee. Except for original construction performed by or on behalf of Declarant or as otherwise in these covenants provided, no building, fence, electric pet fence, sidewalk, drive, or other structure, or improvement or anything attached thereto visible from the outside of the structure or improvement (including, without limitation, storm doors, windows, drapes or window coverings) shall be erected, placed, altered, or maintained within the Property nor shall any exterior addition to or change (including change in color) or alteration therein be made until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), general contractor and all subcontractors, and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association, or by any architectural control committee (the "Architectural Committee") appointed by said Board of Directors. Refusal of approval of plans, location, or specification by said Board of Directors or Architectural Committee may be based upon any reasonable ground, including, without limitation, lack of harmony of external design, color, location or relation to surrounding structures and topography and purely aesthetic considerations which, in the discretion of said Board of Directors or Architectural Committee shall deem sufficient. After approval by the Board of Directors or Architectural Committee is given, no alterations may be made in such plans except by and with their prior written consent. One copy of all plans, specifications, and related data shall be furnished to the Board of Directors or architectural control committee for its records.

9.1.1 The Declarant shall serve as the Architectural Committee during the Development Period. Following the Development Period and once the Association is controlled by Class A Members, said Members shall elect three (3) Members from the community to serve as the Architectural Committee who shall serve twenty-four (24) month terms.

9.1.2 In order to maintain architectural beauty of the Property and to guard against the erection therein of poorly designed or proportioned structures, no building, shed or other structure shall be erected, altered, placed or permitted to remain on any Lot, until the building plans, specifications, and plot plan showing the location of every such building or structure has been submitted to the Architectural Committee for its review and written approval. Upon approval by the Architectural Committee of any proposed improvement or alteration as required herein this Declaration, the Committee shall issue the applicant a written permit or notice to proceed. No construction, alteration or improvements shall commence until said permit/notice is obtained. In the event the Declarant fails to approve or disapprove such design within thirty (30) days after said plans have been submitted to it or in the event that suit to enjoin the erection of such structure has not been commenced prior to the completion thereof, such approval will not be required and this covenant will be deemed to have been fully complied with.

9.1.3 The Architectural Committee shall have the right to inspect the construction or installation of any improvements and/or alterations in order to determine that such work is being performed in conformity with the approved plans and specifications, and in a good and workmanlike manner, utilizing approved methods and good quality materials;

9.1.4 In the event that construction of any improvement and/or alteration is abandoned for thirty (30) days without just cause shown, or should any improvements/alterations remain unfinished for a period of four (4) months from the date said improvements/alterations commenced, the Architectural Committee shall have the authority to complete or remove the improvements/alterations

at the expense of the owner, and shall have a lien against the property and all improvements thereon to the extent of any monies expended for said completion or removal.

9.1.5 Recreational amenities/facilities are hereby prohibited from being built, erected or placed on any part of the property without first obtaining the written consent and approval of the Architectural Committee.

9.1.6 Irrespective of the terms of this Section, nothing shall be done in, or to, any Unit or Common Area which will impair the structural integrity of such.

ARTICLE X USE RESTRICTIONS

Section 10.1. Use and Occupancy. The Association shall make Rules and Regulations to govern the use and occupancy of the Property. In addition, the following covenants, conditions and restrictions shall run with the land and shall be binding upon each Owner, his or her heirs, tenants, licenses and assigns.

Section 10.2. Purpose of the Property. Each Lot shall be used only for residential purposes, unless the Board of Directors authorizes some other use. Except for the construction, sales, and management activities (including, without limitation, the right of Declarant to maintain one or more model Units, or sales offices) of the Declarant, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted on any part of the Property. To the extent permitted by law, an Owner may use a portion of his or her Unit for an office or studio (other than a music and/or dance studio) provided that the activities conducted therein shall not interfere with the quiet enjoyment or comfort of any other owner or occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Property or in and out of the Lot surrounding said Owner's Unit.

Section 10.3. Obstruction of Common Areas. There shall be no storage or parking of any personal property items on any part of the Common Areas, except as permitted by the Rules and Regulations.

Section 10.4. Parking. Except for vehicles being used by persons providing services to the Declarant, the Association, the Owners or otherwise used or authorized to be used at the Property by the Declarant, no part of the Property may be used for the parking of any trailer coach, house trailer, mobile home, automobile trailer, motorcycle, camper, recreational vehicle, camper, truck which exceeds 3/4 ton, boat, boat trailer, inoperable, unlicensed or junk motor vehicle, or any vehicle with letters or other markings over four inches tall or wide, or any other similar vehicle (collectively, "Special Vehicles"). Operative vehicles, other than Special Vehicles, used by a resident of a Unit as a primary source of transportation may be parked in the driveway of such Owner. No auto maintenance and/or repairs may be performed on any parts of the Property. Notwithstanding the foregoing, a Unit Owner shall have the right to rent one (1) 8' x 25' parking space from the Association for boat, recreational vehicle, or trailer storage in an area as determined by the Declarant. Only one (1) storage parking space is available per Unit, and the storage parking is available on a first come, first serve basis. Rent for the storage parking space shall be leased on an annual basis at the amount of Two Hundred Fifty and 00/100 Dollars (\$250.00) per year. Vehicles, whether owned by an Owner or not, parked in violation of any part of this Declaration or in violation of any Rules or Regulations, shall be towed away and stored at the Owner's risk and expense. By parking within the Property, the Owner of the vehicle or other vehicle user hereby waives any claim against the

Association resulting directly or indirectly out of the towing, unless the towing can be shown beyond a reasonable doubt to have been done maliciously by the Association. The Association is not obliged to try to determine the owner of a vehicle and first give notice before towing the vehicle. The Association's right to tow a vehicle includes the right to immobilize it.

Section 10.5. Exterior Storage. Owners shall be allowed to utilize storage units on the exterior of their Units with the written approval of the Architectural Committee or Board so long as the storage units are resin or plastic, not larger than 4'x6', abut the Unit and are firmly secured. Storage units may not be placed in the yard; they must be placed directly against the exterior of the Unit on flat and stable ground. Nothing shall be stored, nor shall any activity held on the Property which will bear the risk of increasing the rate of insurance applicable to the residential use of the Property. No other shelter of a temporary or permanent character shall be used on any Lot at any time. Canoes, kayaks, and other non-motorized boats may be stored in the rear of the Lot within fifteen (15) feet of the Unit. Industrial equipment is not permitted to be stored within the Property.

Section 10.6. Compliance with Insurance Policies and Waste. Nothing shall be done or kept in any Unit, in the Common Areas or on a Lot which will increase the rate of insurance of the buildings, or contents thereof, applicable for residential use, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his or her Unit, in the Common Areas or on a Lot which will result in the cancellation of insurance on Units, or contents thereof, or which would be in violation of any law. No waste will be committed in the Common Areas. All laws shall be obeyed.

Section 10.7. Exterior Surfaces of Units. Owners shall not cause or permit to be hung or displayed any sign, flag or other decorative item that may be considered offensive by the Declarant or other Owner. No radio, television or satellite dishes may be installed on the Unit or on the Lot.

Section 10.8. Animals and Pets. No animals of any kind shall be raised, bred, or kept on any Lot or in any Unit or in the Common Areas, except that two (2) dogs, two (2) cats or one (1) of each, or two (2) other household pets may be kept in a Unit, subject to the Rules and Regulations, provided that it is not kept, bred, or maintained for any commercial purpose, and that it is kept subject to the Rules and Regulations of the Association. No pets shall exceed the weight limitation of fifty (50) pounds. Dogs, cats, or other household pets must be kept within the confines of the Owner's Unit except when being held on hand leash by the pet owner of the animal. No Owner shall install an electric fence on any portion of the Common Area without the prior written consent of the Board. Kennels and/or dog houses shall not be visible from the road and must be behind the Unit. No pet may be "staked," housed, tied up or otherwise left in any Common Area. An Owner shall be responsible for cleaning up after his household pet. Notwithstanding the above, the Association shall have the right to promulgate Rules and Regulations pertaining to the size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pets. Additionally, the right of an occupant to maintain an animal in a Unit shall be subject to termination if the Board in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Property or occupants. No doghouse or other structure used or intended for the housing or keeping of animals may be constructed, placed, or maintained on any part of the Common Areas.

Section 10.9. Nuisances. No noxious or offensive activity shall be carried on in any Unit or in the Common Areas or on the Lot of an Owner, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or occupants.

Section 10.10. Impairment of Structural Integrity of Unit. Nothing shall be done in any Unit, or on any Lot, or in, on or to the Common Areas which will impair the structural integrity or materially change the Unit.

Section 10.11. Open Fires and Trash. No open fires shall be permitted on any part of the Property other than fires in charcoal grills or other similar cooking devices located upon the Lots. The Lots and Common Areas shall be kept free and clear of trash, garbage debris, and other unsightly materials. Each Owner shall remove any yard debris from the Lot and dispose at a county receptacle site or equivalent disposal site. Each Owner shall deposit all trash and garbage into the community dumpster as directed and instructed by the Board. Unit Owners shall keep trash containers at all times at the rear of the Unit so as to not be visible from the street. The Board shall have the right to dispose of any trash, garbage or debris of a Unit Owner in violation of this Article X, and may assess the Owner for the cost of such removal, which amount shall be payable on the date the next installment of the Regular Assessment is due.

Section 10.12. Signage. An Owner is permitted to place and maintain a standard "For Sale" or "For Rent" sign only in the window of his Unit; provided, however, it is of a typical size within the industry or within an area expressly permitted by the Board of Directors. No other sign that is visible from the outside of Units may be placed on any part of the Property except as expressly permitted by the Board of Directors. Declarant and/or the Board shall have the right to immediately remove and dispose of those items in violation of this Declaration. An Owner must obtain the prior written consent of the Board of Directors in the event an Owner desires to maintain a "For Sale" or "For Rent" sign which is not of a typical size within the industry, or desires to maintain other displays or advertising, unless otherwise provided for under the Rules and Regulations. The right is reserved by the Declarant to use any such unsold or unoccupied Units or other structures in the Property as models and/or offices in connection with the construction, sale, or rental of Units.

Section 10.13. Rental of Units. There are no restrictions on the ability of an Owner to rent or lease the Unit; provided, however, that any lease or short-term stay agreement must be in writing and shall provide: (i) that any such agreement is subject to all of the provisions of the Declaration, the Bylaws and the Rules and Regulations and (ii) that any failure of the lessee to comply with any of such provisions shall constitute a default under the lease or short term agreement.

Section 10.14. Alteration of Common Areas. Nothing shall be altered or constructed in or removed from the Common Areas except as otherwise provided in this Declaration and except upon the written consent of the Association.

Section 10.15. Mailboxes. All Members shall use the cluster box units maintained by the Association as part of the Common Area. No personal mailboxes shall be permitted on or at the Units.

Section 10.16. Nondiscrimination. No Owner (including the Declarant), or any employee, agent or representative thereof, shall discriminate upon the basis of sex, race, age, color, creed, or national origin in the sale, lease, or rental of any Unit nor in the use of the Common Areas.

Section 10.17. Amendment to Rules and Regulations. So long as the Declarant owns a Unit no action may be taken nor may any Rule or Regulation be adopted or amended that would (a) directly or indirectly alter the exterior appearance of any part of the Unit; (b) reduce or discontinue any maintenance standard or practice in effect as of the date when the Declarant no longer controls the

Board; (c) adversely affect the Declarant's sale or leasing of any Unit; or (d) otherwise adversely affect the Declarant, any of its rights, or any Lot or Unit owned by it without, in each case, first obtaining the Declarant's written consent.

Section 10.18. Quiet Hours. All Residents, their invitees and guests must adhere to quiet hours between 10:00 p.m. ET and 7:00 a.m. ET.

ARTICLE XI ENFORCEMENT

Section 11.1. Enforcement.

11.1.1 The Association may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate ("Violating Party") any covenant, condition, or restriction, either to restrain or enjoin violation or to recover damages, and against the land to enforce any lien created by these covenants. In addition to all other amounts due on account of said violation or attempted violation, the Violating Party shall be liable to the Association for all reasonable attorney's fees and court costs incurred by the Association in enforcing these covenants, conditions and restrictions. Failure or forbearance by the Association to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any lawsuit filed to enforce this Declaration by injunction or restraint, there shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants, conditions or restrictions cannot be adequately remedied by action at law or by recovery of damages.

11.1.2 In addition to all other remedies of the Association, the Association shall have the right to assess a maximum fine of One Hundred Fifty and 00/100 Dollars (\$150.00) per day (or such higher amount as may be allowed by law) per violation against any Owner who violates any provision of this Declaration or the Articles, Bylaws, or Rules and Regulations of the Association after such Owner has been given notice of the violation and an opportunity to be heard with respect to the violation in accordance with such policies and procedures as may be adopted from time to time by the Board of Directors or as may be set forth in the Bylaws.

11.1.3 In addition to the rights above, the Association may also enter upon a Lot or any land upon which a violation exists to remove any violation, perform maintenance or make repairs thereon which is the responsibility of an Owner who has failed to remove said violation or to perform such maintenance or make such repairs (i) after having given such owner at least ten (10) days' prior notice, or (ii) without giving notice in the event of an emergency.

11.1.4 Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 11.2. Restrictions Run with the Land. The easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

Section 11.3. Amendment. The Association (the Declarant controlling the Association until the expiration of the Development Period) may amend this Declaration at any time, as long as consistent with the design, scheme, and purposes of this Declaration, by the affirmative vote or written agreement of the Owners representing not less than twenty-five percent (25%) of all of the votes in the Association are allocated in accordance with Section 4.4 and Section 4.5 above. Any amendment must be recorded in the Carteret County Registry. Following the end of the Development Period, no such agreement to amend, in whole or in part, shall be effective unless written notice of the proposed amendment is sent to every Member at least thirty (30) days in advance of any action taken, and no such amendment shall be effective with respect to any permanent easements or other permanent rights or interests relating to the Common Areas herein created (unless such amendment is consented to in writing by Declarant and all other beneficiaries of such permanent easements, rights of interests).

Section 11.4. Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify, or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

Section 11.5. Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three (3) days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his or her Unit (or any of them if more than one) unless otherwise specified in writing to the Association. The Articles Bylaws shall specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration.

Section 11.6. Arbitration of Disputes. ALL MEMBERS OF THE ASSOCIATION AGREE THAT ANY DISPUTE ARISING BETWEEN THE MEMBERS AND THE ASSOCIATION, OR ANY DISPUTE ARISING BETWEEN THE ASSOCIATION AND THE DEVELOPER, SHALL BE RESOLVED THROUGH ARBITRATION PURSUANT TO THE RULES PROMULGATED BY THE AMERICAN ARBITRATION ASSOCIATION. THE PARTIES HEREBY ALSO AGREE THAT JURISDICTION AND VENUE FOR ANY DISPUTE RESOLUTION SHALL BE IN CARTERET COUNTY, NORTH CAROLINA.

Section 11.7. Governing Law. This Declaration shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of North Carolina, and suit to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Carteret County, and for this purpose each Owner by becoming such hereby expressly and irrevocably consents to the jurisdiction of said court.

ARTICLE XII NON-DEDICATED STREETS

Section 12.1. Use. All non-dedicated streets constructed within the Property are reserved as easements of public access for the common use of Owners and their families, guests and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress or egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground

utility lines, mains, sewers, or other facilities to transmit and carry sanitary sewerage and storm water drainage. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 12.2. Speed Limits. The Board of Directors is authorized and responsible for establishing speed limits throughout the Property as long as the roads are maintained by the Declarant or the Association. The Board of Directors are empowered to enforce said speed limits by promulgation or regulation. Such regulations shall be furnished to all Members. Violations of any such regulations may be punishable by fines set forth by the Board of Directors.

Section 12.3. Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide maintenance to and resurfacing or reconstruction of any non-dedicated streets or any stormwater drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

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IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be executed by its duly authorized officer as of the day and year first above written.

S&L Development, LLC

By: 
Steven Logan Langley, Manager

STATE OF NORTH CAROLINA
COUNTY OF North Carolina

I the undersigned Notary Public of the County and State aforesaid, certify that Steven Logan Langley personally appeared before me this day and acknowledged that he is the Manager of S&L Development, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 19 day of August, 2024.

, Notary Public

My Commission Expires: Feb 5 2028

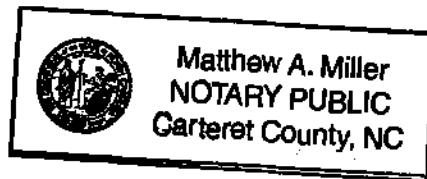


EXHIBIT A**LEGAL DESCRIPTION:**

All that certain lot or parcel of land situated in the Town of Swansboro, White Oak Township, Carteret County, North Carolina and more particularly described as follows:

Beginning at an iron stake in the western margin of a newly graded road of N.C. Highway 58, said point being the southeast corner of the Mower Paper Company property; and running thence along the western boundary of the said newly graded road South 19° 53' 00" East 404.45 feet to a point; and continuing thence along said road South 5° 27' 00" East 141.77 feet thence continuing South 7° 57' 00" West 88.86 feet along said road to a point marked by an iron stake; thence running South 69° 09' 00" West 400.00 feet to a concrete monument; thence continuing along the same course 400.00 feet to another concrete monument; thence continuing the same course 561.22 feet to an iron stake in the eastern boundary line of the Don Walston property; running thence North 33° 50' 00" West along the Don Walston east boundary 330.00 feet to a concrete monument; running thence North 60° 28' 00" East along the southern boundary of the Mower Paper Company property 470.00 feet to an iron stake; thence running North 57° 04' 00" East 1,082.00 feet to an iron stake, the point and place of beginning, said tract containing 15.59 acres.

There is also conveyed a non-exclusive right of ingress, egress and regress over that 60 foot right of way, the eastmost line of which is more particularly described as: Beginning at the southeast corner of Lot 4 Hadnot Creek West, Section C, Phase I, Map Book 27, Page 101, Carteret County Registry; and running thence from said point of beginning along the James Norman west line South 24° 08' 26" East 413.34 feet to an iron pipe; thence South 09° 00' 00" East 155.98 feet to an iron pipe; thence South 06° 00' 00" West 401.00 feet to an iron pipe; thence South 12° 00' 00" East 67.99 feet to an iron pipe; thence cornering and the north line being described as: running thence North 70° 00' 00" East 492.56 feet to an iron pipe (the beginning corner of the James Norman Property); the north line containing thence North 70° 00' 00" East 74.50 feet and thence North 76° 00' 00" East 436.06 feet to a point, the west right of way line of N.C. Highway 58. Said right of way being between parallel lines with the east line being represented by the first four calls and the north line being represented by the last three calls.

SAVING AND EXCEPTING, Beginning at an iron stake which is located in the southern property line of Lot 14, Hadnot Creek Subdivision, Section C, Phase I, as depicted in the plat recorded in Map Book 27, Page 101, Carteret County Registry said stake being North 57° 22' 00" East approximately 23.02 feet from the southeastern corner of Lot 15 of the same subdivision and from this point of beginning for a first call of South 33° 51' 32" East 407.71 feet to an iron stake; thence South 69° 09' 00" West 485.64 feet to an iron pipe which is witnessed by pine pointers and an iron stake which is 4.18 feet North of said iron pipe; thence from said iron pipe North 33° 51' 32" West 330.13 feet to a concrete monument; thence along the southern border of the Hadnot Creek Subdivision, Section C, Phase I, North 60° 09' 09" East 444.58 feet to an iron stake which is located South 57° 22' 00" West 6.67 feet from the southeastern corner of Lot 15 Hadnot Creek Subdivision, Section C, Phase I; thence North 57° 22' 00" East 29.69 feet to the point of beginning. Containing four acres more or less. This property is a portion of that tract conveyed to Gerald H. Kingsley, Jr. from Paul G. Coker and wife Grace K. Coker by deed dated July 8, 1996 and recorded in Book 780, Page 558 Carteret County Registry as depicted in an unrecorded "Survey for Donald F. Hult, Jr.," dated February 21, 1998 as performed by Prestige Engineering and Land Surveying, P.A.

INCLUDING PARCELS IDENTIFIED BY THE FOLLOWING PARCEL IDS:

For chain of title purposes, the Parent Parcel ID for the below referenced parcels is 537703024489000.

Unit #	Address	Parcel ID	Common Area % Interest (shown as a fraction)
Unit 1	108 Long Pond Loop	537703029635000	1/43
Unit 2	110 Long Pond Loop	537703029600000	1/43
Unit 3	111 Long Pond Loop	537703120504000	1/43
Unit 4	113 Long Pond Loop	537703029570000	1/43
Unit 5	115 Long Pond Loop	537703028482000	1/43
Unit 6	117 Long Pond Loop	537703028440000	1/43
Unit 8	120 Long Pond Loop	537703027427000	1/43
Unit 7	121 Long Pond Loop	537703027376000	1/43
Unit 10	122 Long Pond Loop	537703026485000	1/43
Unit 9	123 Long Pond Loop	537703027333000	1/43
Unit 11	124 Long Pond Loop	537703026442000	1/43
Unit 12	125 Long Pond Loop	537703026269000	1/43
Unit 13	126 Long Pond Loop	537703026400000	1/43
Unit 14	127 Long Pond Loop	537703025285000	1/43
Unit 15	129 Long Pond Loop	537703025243000	1/43
Unit 16	131 Long Pond Loop	537703025200000	1/43
Unit 17	135 Long Pond Loop	537703024247000	1/43
Unit 18	137 Long Pond Loop	537703024303000	1/43
Unit 20	138 Long Pond Loop	537703024475000	1/43
Unit 19	139 Long Pond Loop	537703023376000	1/43
Unit 21	141 Long Pond Loop	537703023431000	1/43
Unit 22	143 Long Pond Loop	537703023415000	1/43
Unit 23	145 Long Pond Loop	537703023562000	1/43
Unit 24	147 Long Pond Loop	537703023584000	1/43
Unit 25	148 Long Pond Loop	537703025419000	1/43
Unit 26	149 Long Pond Loop	537703024549000	1/43
Unit 28	150 Long Pond Loop	537703025586000	1/43
Unit 27	151 Long Pond Loop	537703024694000	1/43
Unit 29	153 Long Pond Loop	537703025659000	1/43
Unit 30	154 Long Pond Loop	537703026529000	1/43
Unit 31	157 Long Pond Loop	537703026713000	1/43
Unit 32	161 Long Pond Loop	537703026768000	1/43
Unit 33	162 Long Pond Loop	537703026652000	1/43
Unit 34	163 Long Pond Loop	537703027823000	1/43
Unit 35	165 Long Pond Loop	537703027856000	1/43
Unit 36	171 Long Pond Loop	537703028943000	1/43
Unit 37	174 Long Pond Loop	537703029836000	1/43
Unit 38	177 Long Pond Loop	537703039031000	1/43
Unit 39	183 Long Pond Loop	537703130029000	1/43
Unit 40	203 Long Pond Loop	537703120997000	1/43
Unit 41	205 Long Pond Loop	537703121913000	1/43
Unit 42	206 Long Pond Loop	537703029896000	1/43
Unit 43	207 Long Pond Loop	537703121839000	1/43

**BYLAWS OF
THE CABINS AT OLD HORSE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME, PRINCIPAL OFFICE AND DEFINITIONS**

- 1.1. Name. The name of the corporation is The Cabins at Old Horse Homeowners Association, Inc. (the "Association").
- 1.2. Principal Office. The principal office of the Association shall be 192 White Oak Bluff Road, Stella, NC 28582 (the "Principal Office"). The Association may have such other offices, as the Board of Directors may determine or as the affairs of the Association may require.
- 1.3. Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Covenants, Conditions and Restrictions for The Cabins at Old Horse Homeowners Association filed in the Registry of Deeds of Carteret County, North Carolina, as it may be amended from time to time (the "Declaration"), unless the context indicates otherwise.

**ARTICLE II
ASSOCIATION: PURPOSE, MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES**

- 2.1. Purpose. The purpose and duties of the Association shall be:
- (a) To manage the Property pursuant to the terms and provisions of Article 3 of Chapter 47C of the North Carolina General Statutes, these Bylaws, any Rules and Regulations promulgated by the Association or its Board of Directors and the Declaration of Covenants, Conditions and Restrictions (and any amendments thereto).
 - (b) To enforce the provisions of these Bylaws, the Declaration, and any Rules and Regulations promulgated by the Association or its Board of Directors.
- 2.2. Membership. Every person or entity who is a record owner or a fee or undivided fee interest in any of the Units in any phase of The Cabins at Old Horse, a condominium community (the "Property") shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership. The Association shall have two classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration.
- 2.3. Place of Meetings. Place of Meetings. Meetings of the Association shall be held at the Principal Office of the Association or at such other suitable place convenient to the Members as the Board may designate, either within the Property or as convenient as possible and practical.
- 2.3. Annual Meetings. The annual meeting of the members shall be held once a year on a day that is not later than sixty (60) days following the close of the Association's fiscal year, as determined by the Board of Directors, for the following purposes:

(a) To ratify or reject the summary of the proposed budget submitted by the Board of Directors.

(b) To elect the Board of Directors of the Association for the coming fiscal year.

(c) To transact any other business that may come before the membership, including, but not limited to, the adopting, modification and/or repeal of any Rules and Regulations governing the Property.

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by at least ten (10%) percent of the total Association.

2.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

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

(b) If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage prepaid.

2.6. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, Members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present any business may be transacted which might have been transacted at the meeting originally called.

2.7. Voting. The voting rights of the Members shall be as set forth in the Articles of Incorporation and Declaration and in these Bylaws, and the voting rights provisions and restrictions described in the Declaration are specifically incorporated by this reference. There shall be no requirement of a quorum for submitting any matter to a vote at any Annual Meeting properly called and convened pursuant to these Bylaws.

2.8. Proxies. At all meetings of Members, each Member may vote in person (if a corporation, partnership or trust through any officer, director, partner or trustee duly authorized to act on behalf of the Member) or by proxy, subject to the limitations of North Carolina law. Each proxy shall be in writing, dated, signed by the Member or its duly authorized attorney-in fact, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. Except as otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as

of the same date both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member's Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member who is a natural person, or of written revocation, or upon the expiration of 11 months from the date of the proxy, unless otherwise provided in the proxy.

2.9. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

2.10. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence, in person or by proxy, of Members representing twenty-five (25%) percent of the total eligible class of the Association are entitled to vote on any matter to be decided at said meeting shall constitute a quorum at all meetings of the Association.

2.11. Conduct of Meetings. The President shall preside over all meetings of the Association. The Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at such meetings, as well as maintain a record of all transactions occurring at such meetings.

2.12. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by at least eighty (80%) percent of the votes in the Association. Such consents shall be signed within 10 days after receipt of the earliest dated consent, dated and delivered to the Association at its Principal Office. Such consent shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE III

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors (the "Board of Directors", the "Directors", or the "Board"), each of whom shall have one equal vote. The Board of Directors shall have the authority to delegate any of its duties to agents, employees, committees, or others; provided, however, in the event of such delegations, the Board of Directors shall remain responsible for any action undertaken by such delegate.

3.2. Number of Directors and Term. The Board of Directors shall consist of three (3) members. The Board of Directors shall serve for a term of twenty-four (24) months. A Director may not serve back-to-back terms but may serve more than one term so long as the terms are not consecutive.

3.3. Nomination of Directors. The Declarant shall have the right to appoint members of the Board of Directors until the community has been fully relinquished to the Class A members, in

which case nominations for election to the Board shall be made from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

3.4. Removal of Directors and Vacancies. Any Director may be removed, with or without cause, by Members holding a majority of the votes entitled to be cast the election of such Director. Any Director whose removal is sought shall be given at least ten (10) days' notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by a majority of the remaining Directors, even though less than a quorum, at any meeting. The person elected shall fill the vacancy and serve for the remainder of the term of such Director.

In the event of the death, disability, or resignation of a director, the Board of Directors may declare a vacancy and appoint a successor to serve until the next annual meeting, at which time a successor shall be elected to serve the remaining portion, if any, of the term of the director who created the vacancy.

3.5. Compensation. No Director shall receive any compensation from the Association for acting in such capacity.

B. Meetings.

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

C. Powers and Duties.

3.7. Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles and as provided by law, including without limitation, the power/authority to appoint committees to assist the Board in carrying out its responsibilities.

3.8. Duties. The duties of the Board shall include, without limitation:

- (a) Preparing and adopting annual budgets in which there shall be established each Owner's share of the Common Expenses;
- (b) Making assessments to defray common expenses and establish means and methods of collecting such assessments;
- (c) Collecting the assessments, depositing the proceeds and using the proceeds to administer for the Association;
- (d) Providing for the operation, care, upkeep, and maintenance of all areas which are the responsibility of the Association;

- (e) Designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (f) Depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment in depositories other than banks;
- (g) Making and amending Use Restrictions and Rules and Regulations in accordance with the Declaration, if delegated to the Board by the Declarant;
- (h) Opening of bank accounts on behalf of the Association and designating signatories required;
- (i) Making or contracting for the making of repairs, additions, and improvements to or alterations of property of the Association in accordance with the Declaration and these Bylaws;
- (j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, paying the cost of the premium thereof, and filing and adjusting claims, as appropriate;
- (k) Paying the cost of all services rendered to the Association or its Members, which are not directly chargeable to the Owners;
- (l) Keeping books with detailed accounts of the receipts and expenditures of the Association and its administration and specifying maintenance, repair and other expenses incurred; and

3.9. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize.

3.10. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, cooperatives, or property owners or similar associations, within and outside the Properties; provided, any common management agreement shall require the consent of a majority of the total number of directors of the Association.

3.11. Fining or Suspension Procedure. The Board shall not impose monetary fines and to suspend an Owner's right to use any part of the Common Property unless and until the following procedure is followed:

- (a) Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice via first-class mail or certified mail and sent to the last address of the Member shown on the records of the Association, specifying the following:
- (i) the nature of the violation, the fine or the suspension to be imposed, and the date, not less than fifteen (15) days from the date of the notice, that the fine or the suspension will take effect;
 - (ii) the violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine or suspension imposed;
 - (iii) the name, address, and telephone number of a person to contact to challenge the fine or suspension;
 - (iv) any statements, evidence and witnesses may be produced by the violator at the hearing; and
 - (v) all rights to have the fine or suspension reconsidered are waived if a hearing is not requested by the violator within ten (10) days of the date of the notice.
- (b) Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. No fine or suspension shall be imposed prior to the date that is five (5) days after the hearing.

ARTICLE IV OFFICERS

- 4.1 Officers. The officers of the Association shall be a President, Secretary, and Treasurer.
- 4.2 Duties. The duties of the officers, unless otherwise stated by a resolution of the Board, are as follows:
- (a) President. The President shall serve as the Chief Executive Officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes and other written instruments and may co-sign all checks.
 - (b) Secretary. The Secretary shall record the votes and keep the minutes of all meetings of the Board and of the Members.

- (c) Treasurer. The Treasurer shall maintain the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of accounts showing all receipts and disbursements, preparing financial statements, preparing tax returns, and shall deposit all monies and other valuable effects in the name of the Association.

ARTICLE V
MISCELLANEOUS

- 5.1 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In absence of a resolution, the fiscal year shall be the calendar year.
- 5.2 Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

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CERTIFICATION

I, the undersigned, do hereby certify:

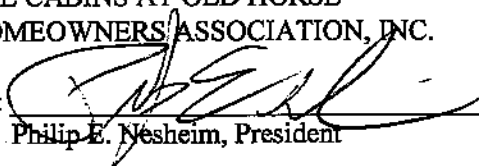
That I am the duly elected and acting President of The Cabins at Old Horse Homeowners Association, Inc., a North Carolina corporation.

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 21st day of August, 2024.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 21st day of August, 2024.

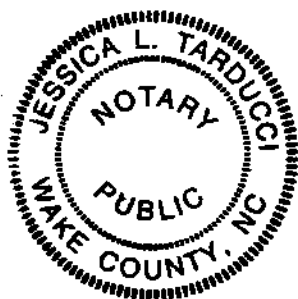
THE CABINS AT OLD HORSE
HOMEOWNERS ASSOCIATION, INC.

By:


Philip E. Nesheim, President

STATE OF NORTH CAROLINA
COUNTY OF Wake

I the undersigned Notary Public of the County and State aforesaid, certify that Philip E. Nesheim personally appeared before me this day and acknowledged that he is the President of The Cabins at Old Horse Homeowners Association, a North Carolina corporation, and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 21st day of August, 2024.



Jessica L. Tarducci, Notary Public

My Commission Expires: 1/12/2024