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FOR REGISTRATION REGISTER OF DEEDS

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Carteret County, NC

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Prepared by Richard L. Stanley

STATE OF NORTH CAROLINA

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR THE COTTAGES AT
FRONT STREET VILLAGE**

COUNTY OF CARTERET

**THIS DOCUMENT REGULATES OR PROHIBITS THE
DISPLAY OF POLITICAL SIGNS**

This Declaration of Covenants, Conditions and Restrictions is made this ____ day of September, 2022, by Front Street Village, LLC, a North Carolina Limited Liability Company, herein "Declarant or Developer"; and any and all persons, firms and corporations hereafter acquiring any of the Lots within the Cottages at Front Street Village Subdivision as shown on surveying plats prepared by James I. Phillips, RLS, and recorded in Map Book 34, page 492, as revised as to the subdivision name by plat in Map Book 34, page 498 Carteret County Registry;

W I T N E S S E T H:

WHEREAS, Declarant, Front Street Village, LLC, is the owner of certain real property as conveyed to it by deed recorded in Book 1259, page 443, Carteret County Registry, and Declarant has caused the property described therein to be subdivided into Lots for a Subdivision known as The Cottages at Front Street Village, and the plat for the subdivision is recorded in Map Book 34, page 492, Carteret County Registry, as amended as to the Subdivision name in Map Book 34, page 498, hereinafter called "The Cottages at Front Street Village", or the "Property";

WHEREAS, Declarant desires to develop its property under a common and uniform set of Covenants and restrictions applicable to the Lots and property;

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WHEREAS, Declarant intends to develop its property into a desirable residential Subdivision that is harmonious with its coastal environment, and Declarant intends to form a Homeowners' Association to enforce and maintain the attraction of the property and its amenities which include stormwater swales, entrance way, private roads, signage, street lighting and such other common areas and amenities that Declarant and/or the Homeowners' Association may provide for the general welfare and recreation of the Owners;

WHEREAS, it is in the mutual interest of the Declarant as well as every person, firm or corporation hereafter acquiring any of the Lots within The Cottages at Front Street Village that these Covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of The Cottages at Front Street Village be established, fixed and set forth and declared to be Covenants running with the land;

WHEREAS, the Subdivision is part of a Planned Unit Development under the Town of Beaufort Zoning and Land Use Ordinances and the Town has imposed as part of PUD approval certain architectural requirements which must be adhered to;

WHEREAS, Declarant desires to preserve the value, amenities, desirability, and attractiveness of the Subdivision and to provide for the continued maintenance and operation of the common areas as may be provided therein;

NOW THEREFORE, in order to provide for the foregoing, the Declarant does hereby covenant and agree with all persons, firms or corporations now owning or hereafter acquiring any portion of The Cottages at Front Street Village Subdivision, that the use of Lots in The Cottages at Front Street Village Subdivision is hereby made subject to the following restrictions, Covenants, terms and conditions which shall run with said land and shall be binding on all property Owners within said Subdivision and their successors and assigns.

Article I - Definitions

As used throughout this Declaration, the following terms shall have the definitions set out herein as follows:

A. "Amenities" shall mean the facilities constructed, erected, installed or set aside on the common areas for the use, benefit and enjoyment of members, including drainage easements, multi-modal paths, sidewalks, roadside swales or ditching, etc.

B. "Association" shall mean and refer to The Cottages at Front Street Village Owners' Association, Inc., a non-profit corporation organized and existing under the laws of the state of North Carolina, its successors and assigns, which is established for the administration, maintenance and regulation of the stormwater facilities, roads, sidewalks, paths, amenities and other common areas and facilities assigned to, purchased, or otherwise provided for by the Association for the use and enjoyment of members of the Association.

C. "CAMA" shall mean the Coastal Area Management Act as set forth in North Carolina General Statute 113A-100 et seq., and any of the rules and regulations promulgated thereunder.

D. "Committee" shall mean and refer to the Architectural Review Committee.

E. "Commercial Truck" shall mean any 2 ton or greater motor vehicle.

F. "Common Areas" shall mean and refer to any and all real property subject to this Declaration which is defined and bounded by properly referenced and recorded plats designated thereon as "common area(s)", "open space", "drainage easements", "sidewalks", "paths", "Roadside Ditches", "streets", "Roads", "private easements" or driveways created by the Declarant to provide access to the streets or roads for more than one Lot, or any area that is set aside for the general use of the members. Common areas shall also include all real property and easement interests owned or assigned by the Association for the common use and enjoyment of members of the Association, which may include but are not limited to entrance ways and signage. (This list of possible amenities is for descriptive purposes only and does not bind the Declarant to construct any or all of said amenities.)

G. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for The Cottages at Front Street Village Subdivision, and any amendments thereto as recorded in the Carteret County Registry.

H. "Declarant" shall mean and refer to Front Street Village, LLC, a North Carolina Limited Liability Company, its successors and assigns. "Declarant" and "Developer" are interchangeable and have the same definition.

I. "Lot" shall mean and refer to any plot of land within The Cottages at Front Street Village Subdivision with or without improvements thereon, which constitute or will constitute after construction of improvements, a single residential site as shown on the plats or plans for The Cottages at Front Street Village Subdivision or amendments thereto, recorded in the Carteret County Registry.

J. "Member" shall mean and refer to any person or other entity which holds membership in the Association.

K. "Owner" shall mean and refer to the owner of record of fee simple interest in any Lot in the Subdivision, excluding those persons having such interest merely of the security interest for the performance of an obligation.

L. "Person" shall mean and refer to a natural person, corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Article II - Properties Subject To This Declaration

Section 1. Applicability. Lots 1 through 34 as shown on the map of The Cottages at Front Street Village Subdivision referred to above are expressly made subject to the operation of these Covenants.

Section 2. Additional Lands. Declarant at any time prior to December 31, 2031, reserves the right to add or bring additional phases, Lots, or lands under this Declaration by filing in the office of the Register of Deeds for Carteret County, North Carolina, either an applicable amendment or a supplementary Declaration of Covenants and restrictions with respect to the additional Lots, phases, or properties. Said amendments or supplemental Declaration would extend the scheme of development and the binding effect of these Covenants and restrictions on the additional property, and such amendments or

supplementary Declarations may contain complementary additions and modifications of these Covenants and restrictions as may be necessary to reflect the different character of the added properties. In no event shall the supplementary declaration revoke, modify or add to these Covenants as they are applicable to the Lots set forth in Article 1 above.

Section 3. Reservations. The Declarant reserves the right absolutely to change, alter or re-designate the allocated, planned, platted, or recorded use, area, or designation of any of the Lots shown on the map of The Cottages at Front Street Village Subdivision recorded aforesaid so long as the Declarant retains title to the property involved, so long as any changes or alterations are in conformance with the Town of Beaufort's Subdivision and zoning ordinances, including, but not limited to the right to change, alter or re-designate roads, utility and drainage facilities, and to change, alter or re-designate such other present or proposed Lot lines and facilities as may, in the sole judgment of the Declarant, be necessary or desirable.

Article III - Association Memberships and Voting Rights

Declarant has heretofore incorporated The Cottages at Front Street Village Owners' Association, Inc. for the benefit of Lot Owners within said Subdivision so as to provide for the maintenance, upkeep and repair of streets, stormwater easements and facilities, as well as the maintenance, upkeep and repair of drainage easements, amenities and common areas which are subject to the management and administration of the Association.

Article 1. Membership.

(a) Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by these Covenants to assessments by the Association shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, By-Laws, rules and regulations. The foregoing is not intended to include persons, or entities who hold an interest in any Lot merely as security for the performance of an obligation. Ownership of record of such Lot shall be the sole qualification for membership. When any Lot is owned of record in tenancy by the entirety, joint tenancy, or tenancy in common or by some other legal form of multiple Ownership, the membership (including the voting power

arising therefrom) shall be exercised only as stipulated in Article 2 herein below.

(b) During any period when a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, the voting rights and right to the use of the common area or any other facilities which the Association may provide, may be suspended by the Board of Directors of the Association until such assessment is paid. In the event of violation by a member of any rules and regulations established by the Board of Directors of the Association, such member's voting and use rights may be suspended by the Board of Directors of the Association after a hearing at which the general requirements of due process shall be observed. Such hearing shall only be held by the Board of Directors of the Association (or a committee thereof) after giving the member ten (10) days prior written notice specifying the alleged violation and setting the time, place and vote of the hearing. Determination of violation shall be made by majority vote of the board or the committee thereof.

(c) No membership fee shall be charged nor members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments, and special assessments levied upon each member's Lot as specified in the Declaration or as the members of the Association may from time to time adopt.

Article 2. Voting and Voting Rights.

(a) The voting rights of the membership shall be appurtenant to the ownership of Lots. The ownership of each Lot by a person other than Declarant shall entitle its owner to one vote. The Association shall have two classes of voting membership as follows:

(1) Class A Member. Class A members shall be all owners, other than the Declarant; however, the Declarant shall be a class A member to the extent provided in subparagraph 2 below. Class A members shall be entitled to one vote for each Lot owned.

(2) Class B Members. The Class B member shall be the Declarant, and it shall be entitled to three votes for each Lot in which it holds a fee or undivided fee interest;

provided, the class B membership shall cease and be converted to class A membership on the happening of either of the following events, whichever first occurs:

(i) Four (4) months after the total votes outstanding in the class A membership equal the total votes outstanding in the class B membership; or

(ii) On December 31, 2031.

(b) When two or more persons hold an interest (other than a leasehold or security interest) in any Lot, all such persons shall be members. The vote for such Lot shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Lot and in no event shall more than one (1) vote be cast with respect to any Lot (except with respect to Lots owned by Declarant), nor shall any fractional vote be cast.

(c) Any member who is delinquent in the payment of any charges duly levied by the Association against any Lot owned by such member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose, have been paid.

(d) Members shall vote in person or by proxy executed in writing by the member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the member of his Lot. A corporate member's vote shall be cast by the president of the member corporation or by any other officer or proxy appointed by the president or designated by the Board of Directors of such corporation, which designation must be in writing.

(e) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the members present at the meeting shall, prior to voting on any matter, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the members, the solicitation of proxies for such elections may be conducted by mail.

Article IV - Common Area Property Rights

Section 1. Description of Association Common Areas. The Association common areas shall initially consist of the Stormwater Swales, paths, drainage easements, streets and other areas designated "common area", as shown on the recorded plat. The streets are private and will be subject to maintenance by the Association. The stormwater drainage easements, paths, roadside ditches or swales have been privately dedicated to the owners of Lots within said Subdivision and their heirs, successors and assigns, for the maintenance of adequate drainage of surface waters within the Subdivision. The Declarant has reserved the right in accordance with these Covenants to assign, lease or transfer or assign the drainage easements and facilities to governmental agencies or third parties for maintenance purposes.

Section 2. Ownership of Association Properties. The Declarant by the recordation of the The Cottages at Front Street Village plat has dedicated the streets within The Cottages at Front Street Village to the private use of Lot owners and their guests and invitees, and all Lot owners and their heirs, successors in interest and assigns, and members of the Association shall have the right of enjoyment of the street. The Association shall have the continuing obligation and duty to maintain said streets and roads.

Title to the drainage easements located within the Subdivision is vested in the owner of each Lot over which such drainage easement runs, but the Association shall have the continuing responsibility to maintain the drainage easements.

Title to the roadside swales and drainage facilities shall be assigned to the Association and it shall be the responsibility of the Association to budget for, maintain, repair and replace the same as part of the common areas and in accordance with State and Local rules and regulations.

Section 3. Sidewalks, Paths, Area Lights, Privacy Fences, Entrance Way and Signage. It shall be the responsibility of the Association to maintain and pay for all utility charges and maintenance expenses associated with any area lights not specifically assigned to a numbered Lot by a utility company, and the Association shall also maintain any privacy fences installed

by the Declarant around a portion or all of the Subdivision boundaries or on any portions of the common areas, including the entrance way and Subdivision entrance signs, landscaping, walls, sidewalks, paths and utilities associated therewith.

Section 4. Easements of Enjoyment. Every Lot owner shall have a right and easement of enjoyment in and to the common area properties and easements granted herein. Each owner may delegate, in accordance with the by-laws, his right of enjoyment to the common areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Said rights of use and enjoyment shall be subject to the following provisions:

(a) The Association shall have the right to charge dues and assessments for the upkeep and maintenance of Association properties, streets, drainage easements, and other amenities which are the responsibility of the Association herein. Likewise, the Association shall have the right to charge dues and assessments for the construction, maintenance and/or replacement of any improvements on said common areas, and to provide for all types of insurance for the Association and its properties, and the upkeep and maintenance of drainage facilities, paths, sidewalks and other Subdivision amenities.

(b) The Association shall have the right to suspend the right to the use of any Association properties by any member for any period during which any dues or assessments against such member are overdue and unpaid, and for a period not exceeding sixty (60) days for any infraction of rules and regulations established by the Association for the regulation and control of Association properties. Likewise, the Association shall have the right to fine any member an amount not exceeding \$50.00 for each violation of rules and regulations established by the Association.

(c) The Association by rules and regulations established from time to time shall have the right to provide for the use and enjoyment of common areas and Association properties. This right to the use of Association properties shall extend to members of the Association and relatives of members who reside with and in the house of members, tenants of each member' Lots in the Subdivision so long as the tenancy exist, and contract purchasers of Lots in the Subdivision who reside on the Lot.

Section. Title to the Common Area. The Declarant hereby Covenants that it will convey fee simple title to the common areas shown on the aforementioned recorded plat to the Association, free and clear of all encumbrances and liens, except utility, drainage easements, and easements to governmental authorities, at such time as 75% of the Lots have been sold.

Section 6. Parking and Use Regulations for Boats, Trailers, Etc. The Association may regulate, prescribe and/or prohibit the parking and use of boats, trailers, motor homes, recreational vehicles, trucks and similar items on the common areas (including the provision of special facilities for which a reasonable charge may be made). No boats, trailers, motor homes, recreational vehicles or trucks shall be parked within the right of way of any street in or adjacent to this development.

Section 7. Antennas and Satellite Discs. The Association may regulate or prohibit the erection of any type of antennas on individual Lots. The Association may further regulate or prohibit satellite discs except that satellite discs no larger than 24 inches in diameter may be erected with the prior written approval of the Association. A satellite disc less than 24 inches in diameter shall be screened such that the disc is not visible from the street or other common areas and such screening must be approved by the committee.

Article V - Covenants for Dues and Assessments

Article 1. Monthly Assessments for Maintenance Fund. For each Lot owned within The Cottages at Front Street Village, each owner Covenants and agrees, and each subsequent owner of any such Lot Covenants and agrees, that by acceptance of a deed therefor whether or not it is so expressed in such deed, that the owner will pay to the Association the assessments and charges provided for in this Declaration.

(a) Every owner of a Lot in the Subdivision by the acceptance of a deed to the same, which shall be conclusively evidenced by the recording of a deed in the office of the Register of Deeds Covenants and agrees to pay to the Association such annual dues and assessments for maintenance and upkeep of Association properties, capital improvements and the construction of improvements and facilities on or to Association properties, and the administration of properties and facilities assigned to

the Association for operation and management, as may established from time to time by the Board of Directors and membership of the Association. Such dues and assessments together with interest at the legal rate of interest, costs and reasonable attorney's fees if the dues and assessments remain unpaid, shall be a continuing lien on each Lot against which said assessment is made until paid in full. Said dues and assessments shall also be the personal obligation of the owner of each Lot at the time the dues and assessments become due, and the personal obligation shall not pass to a successor in title unless expressly assumed by the successor. However, said dues and assessments shall be a lien on said Lot and a sale or transfer of any Lot shall not affect the lien for unpaid dues or special assessments against said Lot.

(b) The dues and assessments shall be used exclusively for the purpose of maintaining and improving Subdivision roads, drainage ditches and easements, the maintenance and upkeep of Association properties, the construction of improvements and facilities thereon, the upkeep, maintenance, operation and management of properties or facilities owned, leased to or assigned to the Association in accordance with these Covenants, as well as the upkeep, maintenance and replacement of equipment, improvements in facilities thereon, and generally for the promotion of the recreational, health, safety and welfare of the membership. Additionally, the dues and assessments may be used for acquiring all types of property, casualty and liability insurance for the Association, and the dues and assessments may be used to fund any of the activities, powers and authority of the Association as the Association is authorized to do as a non-profit owners' association.

(c) The Declarant shall have no obligation to pay dues and assessments for unsold Lots. As a Lot is sold in the Subdivision, and for each subsequent Lot purchaser, the Declarant shall collect from each purchaser \$500 as working capital which shall be paid to the Association, and the Declarant shall notify the Association as to the name and address of each purchaser. The obligation to pay regular dues shall commence once a Lot with a fully built dwelling is transferred.

Section 2. Maximum Regular Assessments and Capital Contribution. The Association Board of Directors is authorized to assess and collect its regular dues and assessments on either a monthly, quarterly, semi-annual, or annual basis. Until January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum monthly assessments shall be

\$100 per Lot, per month pending further notification from the Association.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased each year not more than ten (10%) percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased above ten (10%) percent by a majority vote of the members of the Association who are voting either in person or by proxy, at a meeting duly called for said purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 3. Special Assessments for Capital Improvements or Extraordinary Expenditures. In addition to the regular annual assessments authorized in Section 2 above, the Association may levy, in any assessment year, one or more special assessments applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements upon the common areas, or property or facilities assigned to the Association for operation and administration, including equipment, fixtures and personal property related thereto, as well as for the purpose of defraying, in whole or in part, any extraordinary expenses resulting from storms, casualties or similar expenses resulting from extraordinary circumstances beyond the control of the Board of Directors, provided that each such assessment shall have the assent of fifty one (51%) percent of the members of the Association who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Notice and Quorum for any Action Authorized Under Sections 2 and 3 Above. Written notice of any meeting called for the purpose of taking any action authorized under Sections 2 or 3 above shall be sent to all members not less than ten (10) days nor more than twenty (20) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty-one (51%) percent of all the votes of the membership of the Association who are eligible to vote shall constitute a quorum. If the required quorum is not present,

another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Non-Payment of Assessments. Any member failing to pay the annual, quarterly, monthly or special assessments and dues or any fees or charges authorized by the Association within a period of thirty (30) days after the billing thereof, shall be deemed to be in default. The Board of Directors shall cause to be filed in the Office of the Clerk of Superior Court or in the office of the Register of Deeds of Carteret County an instrument suitable for recordation which shall set for the name of the owner, the Lot description, the amount of the assessment, the date the assessment was due, and the fact that the Board of Directors has given the owner notice of said assessment and said owner has failed to pay said assessment. In addition to the assessment so stated, all amounts necessary for the collection of said assessment, including, but not limited to mailing costs, recording costs, and a reasonable attorney's fee incurred for the collection thereof, together with interest at the legal rate of interest, shall constitute a lien against said Lot and shall be due and payable from the delinquent owner.

Following the recordation of said lien, the Board of Directors is authorized to institute an appropriate action in a court having jurisdiction over the subject matter and the parties in order to collect the assessments, interest, costs and attorney's fees from the owners and in order to effect a sale of the property to satisfy the lien for the delinquent assessments and expenses.

Section 6. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceedings in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to the sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. Likewise, the sale or transfer shall not relieve the Lot owner from personal liability therefrom.

Section 7. Suspension or termination of voting rights. In addition to any other rights the Association may have with regard to non-payment of assessments and dues, the payment of any assessments levied by the Association shall be a prerequisite to the exercise of

any voting rights earlier provided for herein and for serving on the Board of Directors of the Association. Any member failing to pay the assessments or dues on his Lot so that the same thereafter become delinquent, shall be deemed ineligible to vote at any annual or special meeting of the membership and shall be deemed ineligible to serve on the Board of Directors or as an officer of the Association so long as said delinquency continues.

Article VI - Architectural Control, Inspection and Use Restrictions

Declarant shall have the responsibility of enforcing the restrictions set forth in this Article prior to the formation of the Architectural Review Committee, which, upon appointment by the Board of Directors, shall assume and be responsible for enforcement. References in this Article to "Committee" shall mean Declarant until the Committee is appointed and references to "Declarant" shall include the Committee once it is appointed. The following architectural restrictions shall apply to each and every Lot now or hereafter subject to this Declaration:

Section 1. General Theme, Approval of Plans and Architectural Review Committee.

(a) Town of Beaufort PUD Requirements. All design and construction of a dwelling on any Lot shall be required to adhere to and comply with the architectural requirements.

(b) Declarant has established as the general architectural theme and building design for the subdivision a coastal maritime design consisting primarily of clapboard siding, porches, pitched roofs and the like. Houses and residential structures of a contemporary design or era as well as houses constructed with flat roofs will be prohibited. Nothing herein shall be construed as dictating the type or quality of siding materials used so that hardiboard, wood, cedar shake and similar sidings will be allowed. Metal Roofs and architectural shingles are encouraged and may be required by the Committee. It is the Declarant's intent that specified architectural styles or designs be followed using materials as specified by the Committee or guidelines adopted, promulgated and enforced by said Committee. The Committee has the right to approve and specify materials that will be allowed and to specify and prohibit materials that will not be allowed, and to formulate guidelines for owners preparing to build residential structures.

(c) No site preparation or initial construction, erection, or installation of any improvements, including, but not limited, to residences, outbuildings, landscaping, driveways, Lot clearing, fences, walls, signs, antennas and other structures, shall be undertaken upon

the Lots unless the plans and specifications therefor, showing the nature, kind, shape, size, height, materials, and location of the proposed improvements on the Lot, including but not limited to, the house, decks, garage, driveways, parking areas, plants, shrubs, trees (including trees to be removed), wetland areas to be disturbed, and any other permanent structures or changes to be made to the Lot, shall have been first submitted to the Committee and expressly approved in writing. No subsequent alteration or modification which will result in an exterior, structural change to the residence, outbuilding, or significant changes to the landscaping may be undertaken on any of the Lots without the prior review and express written approval of the Committee.

(d) In the event the Committee fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications have been submitted and received, approval will not be required, and the requirements of this Article will be deemed to have been fully met; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Committee if they contain erroneous data or fail to present adequate information upon which the Committee can arrive at a decision.

(e) The Committee and its representatives shall have the right, at its election, to enter upon any of the Lots during site preparation or construction, erection or installment of improvements, to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing standard industry methods and good quality materials.

(f) The approval of any such plans, specifications or other items submitted to the Committee pursuant to this Article shall not impose any liability or responsibility on the Committee or the Association with respect to either the compliance or non-compliance with any such plans, specifications, or other items (including any improvements or structures erected in accordance therewith) with applicable zoning ordinances, building codes or other governmental or quasi-governmental laws, ordinances, rules and regulations or defects in or arising from such plans, specifications or other items (including, without limitation, defects relating to engineering matters, structural and design matters and the quality or suitability of materials).

(g) For so long as Declarant is a class B member of the Association, or until such time as the Declarant notifies the Board of Directors in writing of its desire to have the Association elect the

members of the Committee, the Declarant shall serve as the Committee, and shall exercise the authority to approve plans and other matters set forth in this article. After Declarant divests itself of all Lots within the property, or so notifies the Association in writing, the Committee consisting of as many members as it chooses shall be appointed by the Board of Directors to serve for a term of one year or until their successors have been duly appointed in the event of the death, resignation or removal by the Board of Directors of a member of the Architectural Review Committee.

(h) With the submission of the plans and specifications, the owner shall pay a non-refundable architectural review fee to the Declarant in such amount as may be established from time to time by the Declarant for the review of the plans and specifications, so long as the Declarant is acting as the Committee, and thereafter shall pay to the Board of Directors such fee as may be approved from time to time for architectural review of the plans and specifications by the Committee.

(i) Basis for Denial of Plans. The Committee may base its denial upon purely aesthetic reasons so that the decision is arbitrary. Each Lot owner should meet with a representative of the Committee prior to submission of plans and the incurring of expenses in order to be informed and receive the architectural guidelines and the requirements for approval.

(j) Architectural Guidelines. The guidelines shall be initially established, enforced and amended from time to time by the Declarant, and thereafter by the Committee after the Committee is appointed by the Board of Directors. At such time as the Board of Directors appoints members to the Committee, then the Board of Directors shall be the only agency under these Covenants that may amend the guidelines and such change or amendment shall require 75% approval of the full Board of Directors.

Section 2. Use Restrictions.

(a) All numbered Lots shall be used for single family residential purposes only. No structures shall be constructed, altered, placed or permitted to remain on any Lot in the Subdivision unless the same is a single-family residence.

(b) Mobile homes, recreational vehicles, trailers, manufactured homes, modular homes, tents and all other structures of a temporary character are expressly prohibited from being placed, put or maintained on any Lot at any time. Provided, this prohibition shall not

apply to shelters used by a contractor or builder during the construction of a single-family dwelling so long as said temporary shelter is not used at any time as a resident and said temporary shelter is immediately removed following completion of the dwelling. As used herein, the term "mobile home" and "manufactured home" shall have those definitions and meanings set forth in N.C. G.S. 41-2.5, N.C. G.S. 143-143.9(6), and N.C. G.S. 143-145(7). Provided, that the width and length of a manufactured home, or mobile home shall be irrelevant and inapplicable as it is the intent of these Covenants to prohibit manufactured homes, modular homes and mobile homes of all sizes regardless of length or width.

(c) Only on-site stick built detached single-family homes first submitted to and approved by the Architectural Review Committee shall be permitted on any of the Lots within the Subdivision. A "modular" home which is defined herein as a prefabricated structure having floors, walls, ceilings, or roof composed of Articles or panels of varying size which have been fabricated prior to erection on a building foundation, shall be prohibited. Nothing herein shall prohibit pre-assembled and manufactured floor trusses, unfinished wall panels, or window or door components from being used. No buildings or structures of any kind shall be permitted on any Lot within the Subdivision unless first submitted to and approved in advance by the Architectural Review Control Committee.

(d) All fuel tanks or similar storage receptacles are prohibited from being exposed to view and shall be buried underground if possible, or such receptacles may be installed only within the main dwelling house, within a permitted accessory building, or within a screened area. Provided, the Declarant shall be permitted to erect, place or permit the placement of tanks, equipment and other apparatus within the Subdivision for uses related to the provision of sewage, water and other utilities to the Subdivision.

Section 3. Minimum Building Requirements. No residential structure shall be constructed on any of the residential Lots within the Subdivision unless the residential structure shall contain the minimum square feet of enclosed dwelling area prescribed for such residential structure. Each residential structure shall contain a minimum of 1400 square feet of enclosed dwelling area.

As used herein the term "enclosed dwelling area" shall mean the total enclosed heated area within a dwelling, excluding garages, terraces, decks, unenclosed porches, and similar areas. In the event the Declarant specifies a higher minimum square footage of enclosed dwelling area in deeds to purchasers of Lots within the Subdivision

than as set forth in this Section, then the higher minimum square footage figure set out in the deed shall be controlling and shall be complied with.

(a) No building shall be erected or allowed to remain on any Lot in said Subdivision within 20 feet of the street abutting the front of each Lot or within 5 feet of any sideline of each Lot, within 10 feet of any side street, or within 10 feet of the rear Lot line, or as said setbacks may be shown on the recorded maps of the Subdivision, whichever is the greater amount of setback. Outbuildings other than the primary structure shall meet the zoning ordinance set back requirements as a minimum rear setback. If due to topography, irregular Lot shape or similar factors directly related to other Lots within the Subdivision, the setbacks herein would create a hardship or burden on an owner, upon written application to the Committee, the Committee is authorized to vary said setbacks the minimum amount necessary in order to provide for a suitable and aesthetically pleasing structure on the subject Lot. However, any such variance by the Committee would be subject to prior approval by the Town of Beaufort or other governmental agency having authority over the issuance of building permits and enforcement of Subdivision or zoning setback requirements.

(b) The exterior of all houses and other structures must be completed within twelve (12) months after construction is commenced, except under such circumstances where such completion is impossible or would result in great hardship to the owner or builder due to strikes, fires, national emergency or natural calamities. No house may be occupied unless it has been built substantially in accordance with the approved plans and specifications as approved by the Committee and a certificate of completion has been issued by the appropriate governmental inspector. During all periods of construction, the Lot owner shall be responsible for providing suitable receptacles for debris, trash, building materials, and the like, and shall be responsible for insuring that trash and debris from construction activities does not move to or accumulate on adjoining properties, the Subdivision streets or roads, or common areas. Additionally, each Lot owner shall be responsible for the damages to Subdivision roads, utilities, and vegetation within the common areas, on adjoining Lots, or within the Subdivision roads and utility easements, as may be caused by the acts or omissions of each Lot owner's contractors, subcontractors, material suppliers, agents or employees.

(c) Each Lot owner shall provide receptacles for garbage and trash in a screened area not generally visible from the road giving access to the premises, and the Declarant and/or Association may

require the purchase and use of uniform specified roll-out containers meeting the requirements of the Town of Beaufort or contractor providing trash pickup services. All fuel tanks shall be underground if possible, or otherwise screened, and wood piles shall be enclosed within a fence, wall or plant screen so that the same shall not be visible from any street or residence in the Subdivision. All mailboxes and the house or street numbering system and identification letters shall be uniform as approved and specified by the Architectural Review Committee and Declarant.

(d) Each Lot owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said Lot and automobiles shall not be parked on the streets within said Subdivision, except for special events approved by the Association.

(e) Each Lot owner may be permitted, if approved by the Architectural Review Committee, the right to build, erect or maintain either a detached garage or one additional detached structure if the garage is attached to the main dwelling. Any detached structure to be used as a cabana or gazebo shall not exceed one story in height, and any detached building used as a garage shall not exceed one and a half stories in height. No detached building shall be used for any activity normally conducted as a business. Any cabana or gazebo shall be so located where the same does not interfere with the view of adjoining Lot owners as determined by the Architectural Control Committee. All detached buildings shall be prohibited from being constructed prior to the construction of the main dwelling, and all detached buildings shall comply with all setback requirements set forth herein for the main dwelling. Every detached building shall be built of the same quality and type of materials and so designed as to be compatible with the main dwelling house located on the same Lot. All detached buildings shall be located no closer to the street on which the Lot fronts than the detached single-family dwelling located thereon.

(f) In order to reduce or cut down on the amount of stormwater run-off of soil and Lot coverings, each Lot owner shall be prohibited from cutting, killing, or otherwise providing for the removal either directly or indirectly of any tree on any Lot within the Subdivision exceeding four inches in diameter except for any tree or vegetation within the proposed "footprint" of the dwelling or outbuilding to be constructed on the Lot, or suitable safety zone around the same, without the prior written approval of the Architectural Review Committee. The required percentage of natural area under the Town's Ordinances shall be set aside and preserved and each Lot shall comply with the maximum amount of impervious surface

required herein. The Architectural Review Committee is authorized to allow the cutting or removal of trees that are diseased or damaged, or constitute a potential damage to structures, automobiles or persons on the subject Lot or adjoining Lots.

"Footprint" as used herein is defined as the specific location on each Lot where the dwelling, outbuilding, driveway, decks, terraces, and utilities systems are proposed to be located. Trees and vegetation within the footprint may be removed so long as the footprint of each Lot is submitted to and approved in advance by the Architectural Control Committee. The Committee shall be guided by the intent of the Declarant herein that existing vegetation outside the footprint be protected.

(g) Clothes lines and television satellite disks exceeding twenty-four (24) inches in diameter are expressly prohibited. Any television satellite disk meeting the requirements of not exceeding 24 inches in diameter shall additionally be installed at a location to the rear of the main dwelling and screened appropriately with fencing or vegetation so that the same may not be seen or observed from the Subdivision street on which the Lot fronts.

(h) The pickup of garbage, trash and refuse shall be in accordance with such rules and regulations as may be established from time to time by the The Cottages at Front Street Village Owners' Association, Inc. and the Town of Beaufort and the Association and/or Town may require the purchase and use of rollout containers.

(i) All driveways leading from the Subdivision road to the dwelling and/or structure located on said Lots shall be paved with concrete or paving brick as approved by the Architectural Review Committee. The paving of driveways with gravel or marl is prohibited unless approved in writing by the Architectural Review Committee, and pervious materials are highly recommended.

(j) No campers, boats, recreational vehicles or commercial trucks shall be parked at any time on any Lot unless the same is enclosed within a garage or accessory building which has been approved by the Architectural Control Committee.

(k) The only permitted access to each Lot from the Subdivision streets shall be over a driveway constructed over the drainage ditching and swales along the Subdivision roads with conforms to the slope of the existing swale. No Lot owner shall fill in or

alter any of the drainage system, ditches or swales of the Subdivision without the written approval of the Declarant.

(l) No wire or chain link fencing is permitted on any Lot or portion thereof. All other fencing materials shall be approved in advance by the Architectural Review Committee before being used or installed, and no fencing of any type shall be erected, placed or allowed to remain on the front Lot line or street side of any Lot unless the location, appearance and type of construction is first approved by the Committee.

(m) Permanent above ground swimming and wading pools are prohibited. Portable "kiddie" pools are permitted.

(n) An elevator located on the exterior of a house and visible from the street or adjoining Lots is prohibited.

(o) Driveway access for Lots 1 and 18 shall be onto East Great Egret Way only and direct access from these Lots to Chadwick Road is prohibited.

Section 4. Nuisances, Inoperable Vehicles, Etc.

(a) No unserviceable motor vehicles, appliances or other assorted junk and useless materials may be kept on any Lot. All Lots shall be maintained free and clear of rubbish and debris.

(b) No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood. No horses, fowl, livestock or other animals shall be allowed on any of the Lots, except that Lot owners actually residing upon their Lots may keep pets which are customarily domesticated, tame and considered house pets such as dogs, cats and birds. Pets will be on a leash and under the owner's control at all times.

(c) All buildings, structures and their appurtenances as well as the landscaping, sodding and appearance of each Lot including vacant Lots shall be maintained in a reasonable state of repair and aesthetically pleasing in appearance without unsightly weeds and similar conditions. In the event of damage to a building or other structure by fire or other casualty, the exterior of a building or structure shall be repaired within six (6) months or the building structure shall be demolished and the premises cleared of debris within

six (6) months of the date the damage occurred. In the event a Lot owner fails to comply with the requirements of this paragraph and written notice is given by the Declarant or Board specifying manner of default by the owner and the owner thereafter fails to correct the conditions, the Declarant and Board may cure default by having the conditions corrected and the costs of the same may be assessed as a lien against the Lot and the Lot owner, and the lien may be enforced in the manner as set out in Article V above.

Section 5. Signage and Political Signs. Without the prior written permission of the Architectural Review Committee, no sign of any character shall be displayed on any Lot except for a property identification sign not exceeding two square feet, and "for sale" or "for rent" signs not exceeding three square feet in size each. All signs must be professionally designed and built so that the appearance of signage is uniform. Nothing herein shall prohibit the Declarant from erecting, placing or maintaining such signs as may be deemed necessary or appropriate by the Declarant for carrying out the Declarant's identification and marketing of the Subdivision.

Political signs may be displayed not earlier than 45 days before the day of the election and not more than 7 days after the election for which the signs are directed, and the Association Board may regulate the size and number of such signs that may be placed on an owner's Lot so long as the rules are not more restrictive than the Town of Beaufort's restrictions regarding the size and number of political signs on residential property. The Board shall adhere to the requirements of NCGS 47F-3-121, as amended with regard to such regulations.

Section 6. Subdividing. Except as to any Lot still owned by the Declarant, no Lot shall be further subdivided, or its boundary lines changed, except with the prior written consent of the Declarant. Likewise, no Lot shall be used as a street, road, lane, way or easement over which access may be obtained from a The Cottages at Front Street Village Subdivision Lot to adjacent properties without the specific written consent of the Declarant. In the event the Declarant hereafter determines it necessary to alter or change any boundary lines or Lot, then a revised plat of said Subdivision or Article thereof subject to the alteration or change shall be recorded, and all such Lots thereon shall be subject to the terms and conditions of these Covenants.

Article 7. Lot Re-combinations. In the event an owner owns two adjoining Lots and builds one residential structure thereon so that an additional primary residential structure may not be constructed

thereon, so that the owner effectively combines two Lots into one Lot, then the owner upon application to and approval by the Association Board of Directors, may be permitted to pay dues and assessments for only one Lot. Upon such approval by the Board of Directors, thereafter binding on future boards and the Owner's Association, the Lot owner's vote at any special or annual meeting shall be reduced from one vote per Lot to one total vote, and the minutes, records and membership list of the Association shall be so amended. Any further division of the recombined Lots thereafter or the sale of one or more parts of either Lot for future development will thereafter void such approval and the Board is thereafter authorized to collect dues and assessments for each Lot owned and the vote of the Lot owner shall be restored to one vote per Lot.

Section 8. Stormwater Restrictions on Built-Up Area and Related Restrictions. In order to comply with the rules and regulations of the North Carolina Division of Coastal Management and other state agencies with regard to stormwater runoff and the State Stormwater Management Permit SW 8 080657 MOD as issued by the Division of Water Quality under NCAC-2H-10005, and to meet the Town of Beaufort's maximum impervious Lot coverage requirements under its ordinances, each owner of a Lot shall be restricted to clearing, constructing and using as "built-upon" area not more than 2300 square feet of impervious coverage of each Lot within its boundaries as herein specified, inclusive of that portion of the right-of-way between the front Lot line and the edge of the pavement, including structures, pavement (asphalt, concrete, gravel, brick, stone, slate and coquina) but not including raised, open wood decking or the water surface of swimming pools. "Built-upon area" is defined as that portion of a residential Lot that is covered with impervious or partially pervious cover including buildings, pavement, recreation facilities, etc., but not including decking. 2300 Square feet per Lot shall be the maximum built-upon area allocated to each Lot in the subdivision and built-upon area in excess of the permitted amount will require a permit modification.

For those Lots within CAMA's Area of Environmental Concern, where DCM calculates a different maximum Lot built-upon area, the governing Lot BUA shall be more restrictive of the two numbers.

All runoff from built-upon areas on the Lot must drain into the permitted system either through roof drain gutters draining to the street, grading the Lot to drain toward the street or directly into the perimeter swales and directing them into the street.

The State of North Carolina and the Town of Beaufort are third party beneficiaries to the provisions of this paragraph and may enforce the same through proceedings, in law or in equity.

The filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the Subdivision except for average driveway crossings, is strictly prohibited by any owner, Declarant or third-party person, firm or corporation.

Section 9. Compliance with Environmental Regulations.

The stormwater detention swales, drainage facilities, roads, utilities, Areas of Environmental Concern, common areas and other properties within the Subdivision shall be maintained at all times in a manner consistent with all town, state and federal agencies, and the State of North Carolina and the Town of Beaufort shall have standing to enforce the provisions of these Covenants with regard thereto. Any individual or entity found to be in noncompliance with the provisions of the stormwater management permit or the requirements of the stormwater rules is subject to enforcement procedures as set forth in Chapter 143, Article 21, North Carolina General Statutes. Alteration of the drainage as shown on the approved plans may not be undertaken without the concurrence of the Division of Water Quality.

Section 10. Wetlands. Declarant has caused to be shown and delineated on a wetlands survey plat (herein wetlands survey) all wetland areas. All of the Properties subject to this Declaration shall also be subject to the special provisions herein relating to wetlands. Declarant shall have the authority and right to restrict and prohibit any future filing or other detrimental activities in the wetland areas which presently exist within the identified areas of the Property. Accordingly, all wetlands shown and delineated on the wetlands survey shall be maintained in perpetuity in their natural or mitigated condition unless written permission or consent is secured from Federal and/or State Agencies. No person or entity shall fill, grade, excavate, or perform any other land disturbing activities; nor cut, remove, or harm any vegetation; nor construct any structures, nor allow animal grazing or watering or any other agricultural use on such conservation area, except with prior written consent. Benign structures, such as pile-supported walkways, may be permissible only after reviewed and written consent is provided by the U.S. Army Corps of Engineers. This covenant may be enforced by both the State of North Carolina and the United States of America. These covenants and conditions are to run with the Property and shall be binding on the Declarant and all future owners of Lots and all parties claiming thereunder.

This Article shall not be amended or modified without the express written consent of the U.S. Army Corps of Engineers, Wilmington District.

Section 11. Rentals. Only long-term rentals for periods of not less than 7 continuous days of Lots and houses thereon shall be allowed. Rentals for periods less than 7 days duration is prohibited.

Section 12. Vehicle Use. The Association may regulate the type of vehicles that are used on the Subdivision's streets. Dirt bikes, mo-peds and go-carts are prohibited. All golf carts must be driven by a licensed driver.

Article VII - Easements

Section 1. Utility Easements. The Declarant reserves unto itself a perpetual, alienable and releasable easement and right-of-way on, over, under, through and upon the ground with men and equipment to erect, maintain, and inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers, water mains and pipes and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewage, water and community utilities or conveniences in and over the front fifteen feet of each Lot and five feet along one side line of each Lot and such other areas as may be shown on the recorded map of the Subdivision, together with the right to cut drainways for surface water whenever action may appear to the Declarant to be necessary in or to maintain reasonable standards of health, safety and appearance. These easements and rights-of-way expressly include the right to cut trees, bushes or shrubbery, grading of the soil, or to take similar actions reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Declarant further reserves the right to assign said easements to one or more public or private water and/or sewer utility companies for service to each Lot in the future.

Section 2. Street Lighting. The Declarant reserves the right to subject the real property in this Subdivision to a contract with Duke Progress or such other utility company serving the property for the installation of underground electric cables which may require an initial contribution and/or the installation of street lighting, which will require a continuing monthly payment to the applicable electrical utility company by the owner of each lot or the Association.

Section 3. Drainage Easements. Each Lot owner shall keep free and clear any and all drainage easements shown on the recorded map of the Subdivision, and each owner shall in no way obstruct, block or impede the flow of water through said drainage easements. In the event any Lot owner should obstruct, block or impede the flow of water through said drainage easements or allow said obstruction or blockage to remain so as to impede the flow of water, then the Declarant, Association of property owners, or one or other property owners within the Subdivision shall have the right to clear said drainage easements and to recover from the party responsible the cost of said clearing if said obstruction or blockage were the results of deliberate acts or negligence of the responsible party. Alteration of the drainage as shown on the approved plans may not take place without the concurrence of the North Carolina Division of Water Quality.

Section 4. Subdivision Identification Signs. The Declarant reserves the right to place gates, signs, fencing, brick or stucco walls, or other appropriate structures identifying The Cottages at Front Street Village Subdivision on Lots 1 or 18 of the subdivision as well as one or more Lots adjacent to or in close proximity to the intersection of the entrance road so as to identify said Subdivision and to protect the privacy and well-being of owners and residents. In the event any part of the walls, fencing or structures encroach onto any Lot, said encroachment may continue and the Declarant reserves the right to go on, over, under, through and upon the ground of such portion of the Lots as may be necessary in order to make repairs or alterations to said walls and signs.

Section 5. Stormwater Swales and Drainage Easements. The recorded plat indicates stormwater swales, open spaces and drainage easements for the movement of stormwater. These facilities are privately dedicated to the owners of Lots within the subdivision for the placement and drainage of stormwater and it shall be the responsibility of the Association to maintain the drainage facilities, to clean out the same from time to time, to provide for and pay utility costs associated with operation of the same, and to assume all costs of operation and management of the same. The Association shall be obligated to establish a time schedule for permanent maintenance of the pond and drainage facilities in accordance with State of North Carolina and Town regulations, and to submit reports as required for management and operation of the same. Declarant at such time as management of the Association is turned over to the membership will transfer and convey said easements and areas to the Association.

Article IX - Covenants Run With the Land
Rights of the State of North Carolina and
Town of Beaufort

These Covenants and restrictions shall run with the land and inure to the benefit of the Lot owners for a term of twenty-five (25) years from the date this Declaration is recorded. Thereafter, said Covenants shall be automatically renewed and extended for successive periods of ten (10) years each. These Covenants and restrictions may be amended by an instrument executed by owners of Lots equaling or exceeding two-thirds of the Lots within said Subdivision. Any amendment adopted pursuant to this Article must be properly recorded.

The State of North Carolina and the Town of Beaufort are made beneficiaries of these covenants to the extent necessary to maintain compliance with the stormwater maintenance permits issued in conjunction with this subdivision. The Covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, and the Town of Beaufort.

Article X - Violations

In the event of a violation or breach of any of these Covenants by any Lot owner or other person, the Declarant, Owners' Association or any one or more owners of Lots in the Subdivision, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms and conditions set forth herein and to prevent the violation or breach of these Covenants, and to recover damages as compensation for a breach or violation of these Covenants. Any failure to enforce any right, reservation, or conditions contained in these Covenants, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement.

Article XI - Invalidation

The invalidation by a court or other public agency of any of the provisions of these Covenants shall not in any way affect any of the remaining provisions, and the same shall remain in full force and effect.

Article XII - Initial By-Laws of
The Cottages at Front Street Village Owners Association, Inc.

The initial by-laws adopted by the Board of Directors of said Association are set forth on Exhibit A to these Restrictive Covenants. All owners of Lots and the guests, families and invitees of regular members, shall be bound by and fully comply with the by-laws of said Association as well as the Articles of Incorporation of said Association attached as exhibit B. The Association shall have the authority to adopt amendments to the by-laws governing the business and affairs of the Association from time to time in the manner and procedures prescribed by the by-laws and Articles of Incorporation. The by-laws set forth the organization of the Board of Directors and officers, the time and manner of meetings of the Association, quorum and voting procedures, and other rights, powers, responsibilities, duties and obligations of the officers, directors and members of the Association.

The Association shall further have the authority to adopt from time-to-time rules and regulations regarding the duties and responsibilities of the Association and its individual members with regard to the use, enjoyment, maintenance, ownership, upkeep and maintenance of Association properties and the purposes of the Association.

In witness whereof, the Declarant has executed this instrument on the day and year first above written.

FRONT STREET VILLAGE, LLC

By: 
Charles Oliver II
 Member Manager

STATE OF NORTH CAROLINA

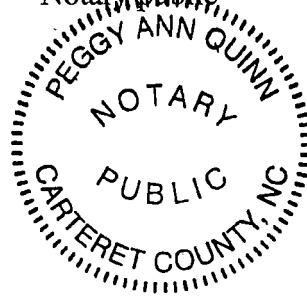
COUNTY OF CARTERET

I, PEGGY ANN QUINN a Notary Public, in and for said County and state, do hereby certify that Charles Oliver II Member Manager for Front Street Village, LLC, personally appeared before me this day and acknowledge the due execution of the foregoing instrument for and on behalf of Front Street Village, LLC and acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and on behalf of the limited liability company.

Witness my hand and official seal or stamp this the 13 day of September _____, 2022.

Peggy Ann Quinn
Notary public

My commission expires: 5-26-2026



Prepared by Richard L. Stanley, Attorney at Law, P.O. Box 150, Beaufort, North Carolina 28516

BY-LAWS
OF
THE COTTAGES AT FRONT STREET VILLAGE OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. The Name: The name of the corporation is The Cottages at Front Street Village Owners' Association, Inc.

Section 2. The Principal Office: The principal office of the Association shall be located at 2450 Lennoxville Road, Beaufort, NC 28516, pending further notice, but the meetings of the members and Directors may be held at such places within the State of North Carolina and County of Carteret as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Cottages at Front Street Village Owners' Association, Inc., its successors and assigns.

Section 2. "Property" shall mean and refer to the lots within The Cottages at Front Street Village Subdivision as shown on a plat recorded in Map Book 34, page 492, as amended, the Office of the Carteret County Registry, as well as any additional properties which may hereafter be submitted to the Protective Covenants and Restrictions for the Cottages at Front Street Village Subdivision, by Front Street Village, LLC, the Developer of the Cottages at Front Street Village Subdivision.

Section 3. Other Definitions: The terms "Developer", "Association", "Owner", "Lot", and "Common Area", shall have those terms and definitions as defined in the Protective Covenants and Restrictions for the Cottages at Front Street Village Subdivision, to which these by-laws are attached.

ARTICLE III

THE COTTAGES AT FRONT STREET VILLAGE OWNERS' ASSOCIATION, INC.

Section 1. General: Every owner of a lot in the Cottages at Front Street Village Subdivision shall be a regular member of the Association upon the terms and conditions hereinafter set forth and as defined in the Declaration of Covenants. Regular memberships in the Association shall be limited to owners of subdivision lots. The Board of Directors may from time to time allow, grant, terminate or restrict associate memberships upon such qualifications, terms and conditions as deemed appropriate by the Board of Directors.

Section 2. Administration of the Association: The operating entity of the Association shall be the Cottages at Front Street Village Owners' Association, Inc.

a. Powers: The Association shall have all of the powers and duties set forth in Chapter 55A of the North Carolina General Statutes for non-profit corporation, as well as all of the powers and duties granted to or imposed upon the Association by the Declaration of Covenants and Restrictions for the Subdivision and the Articles of Incorporation of the Association, and all of the powers and duties necessary in the ownership, administration and management of the Association properties.

All affairs of the Association shall be conducted by the Board of Directors who shall be designated in the manner provided for in these By-Laws and Articles of Incorporation of the Association.

In the administration of the operation and management of the Association, the Board of Directors is hereby granted the authority and power to enforce the provisions of these By-Laws and Articles of Incorporation, and the Declaration of Covenants and Restrictions for the Cottages at Front Street Village Subdivision, and to adopt and enforce rules and regulations governing the use of lots and common areas as the Board of Directors of the Association may deem to be in the best interest of the Association.

b. Purposes: The Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of its officers, directors or members or any other private individual. The purposes and objectives of the Association shall be to administer and manage the Association properties and the acts and duties incident to the administration of the Association properties in accordance with the terms, provisions or conditions of the Declaration of Covenants for the Subdivision, and the Articles of

Incorporation; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Subdivision.

In carrying out the foregoing purposes the Association shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Association, including, but not limited to the power to make and establish reasonable rules and regulations governing the use of subdivision lots and subdivision properties, to levy and collect assessments from lot owners in accordance with the Declaration of Protective Covenants and Restrictions for the Cottages at Front Street Village Subdivision and these By-Laws, to maintain, repair, replace and manage the Association properties, to acquire or lease real and personal property for the benefit of lot owners, and generally to possess all powers necessary in order to carry out the foregoing purposes.

Section 3. Easements of Enjoyment: Every member of the Association shall have a right and easement of enjoyment in and to the Association properties. Each regular Owner may delegate, in accordance with the By-laws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Said rights of use and enjoyment shall be subject to the following provisions:

(a) The Association shall have the right to charge dues and assessments for the upkeep and maintenance of Association properties, streets, stormwater facilities, drainage easements, and other amenities which are the responsibility of the Association herein. Likewise, the Association shall have the right to charge dues and assessments for the construction and maintenance of any improvements on and within common areas and stormwater areas, and to provide for all types of insurance for the Association and its properties, and the upkeep and maintenance of subdivision amenities.

(b) The Association shall have the right to suspend the right to the use of any Association Properties by any Member for any period during which any dues or assessments against such Member are overdue and unpaid, and for a period not exceeding sixty (60) days for any infraction of rules and regulations established by the Association for the regulation and control of Association

Properties. Likewise, the Association shall have the right to fine any Member an amount not exceeding \$50.00 for each violation of rules and regulations established by the Association.

(c) The Association by rules and regulations established from time to time shall have the right to provide for the use and enjoyment of common areas, stormwater facilities and Association properties. This right to the use of Association properties shall extend to regular members of the Association and relatives of members who reside with and in the house of members, tenants of each member's lots in the subdivision so long as the tenancy exist, and contract purchasers of lots in the subdivision who reside on the lot.

Section 4. Membership and Voting Rights:

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. There shall be two types of memberships consisting of a Class A member and Class B member. Class A members shall be all lot owners other than the Declarant- Developer under the Restrictive Covenants, and the Class B member shall be the Declarant-Developer which shall have 3 votes for each lot still owned by the Declarant. Every purchaser of a lot within the development shall be required to be a class A member of the Association, and class A memberships shall be limited to purchasers of lots within said development.

2. Class A memberships shall be appurtenant to and may not be separated from ownership of a lot. Persons or entities who hold an interest in a lot merely as security for the performance of an obligation shall not be class A members.

3. When more than one person holds an interest in any lot, all such persons shall be entitled to the privileges and responsibilities of a class A membership, but said lot shall only have one vote, and the purchasers of said lot shall designate one of them as the voting class A member. If the lot is owned by a corporation or other business entity, an officer or employee shall be designated as the voting class member.

4. Each lot owner as a class A member shall have one vote at all meetings of the membership of the Association. The Class B member Declarant shall have 3 votes for each lot owned. Through recordation of the Protective Covenants and Restrictions and the Deed for each lot, the owner or purchaser of the lot shall automatically become a class A member of the Association and entitled to one vote per lot.

5. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to ownership of the lot. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, and the Protective Covenants and Restrictions for the development and in the By-Laws which maybe hereafter adopted.

Every owner of a lot in the Cottages at Front Street Village Subdivision shall become a Class A member of the Association upon the date of recordation of the deed conveying the lot to the purchaser. Every owner as a member of the Association shall be bound by the terms and conditions set forth in these By-Laws and the Covenants and Restrictions for the Subdivision, and the lot owner and his heirs, successors and assigns, shall be obligated to comply with the duties and obligations set forth herein. Class A regular membership shall be appurtenant to the lot and may not be severed, separately transferred or conveyed. Persons or entities who hold an interest in the lot merely as security for the performance of an obligation shall not be members.

Every Class A Member shall have one (1) vote at all meetings of the membership. The Declarant Developer as the Class B member shall have 3 votes for each lot still owned. When more than one person or entity holds an interest in any lot, the purchasers of said lot shall designate one of them as the voting member, if the lot is owned by a corporation or other business entity, an officer or employee shall be designated a voting member. Regular Members may vote either in person or by proxy, but if by proxy, the same must be in writing and delivered to the Secretary of the Association prior to, or at the start of, the meeting at which the proxy is to be exercised. Every proxy shall be revocable and shall automatically cease upon the conveyance of the lot by the Regular Member.

The Secretary of the Association shall keep a list of any and all lot owners for purposes of determining what owners shall be entitled to vote. The membership list shall be arranged numerically by Subdivision lots and shall be accessible to all members of the Association.

Section 5. Meeting of Regular Membership: There shall be an annual meeting of the membership held each year between June 1 and 15 with the specific date, time, and place to be determined by the President of the Association unless the Board of Directors or a meeting of the membership has already specified the exact date, time and place. The presence at the meeting of Class A and Class B members entitled to cast, either in person or by proxy, 51% of all eligible votes of persons entitled to vote for election of the Board of Directors shall constitute a quorum for the transaction of all business except such as may otherwise expressly be provided for in this instrument. Special meetings of the membership may be called at anytime either by the President, the Board of directors, or one-third of the members. Such request for a special meeting shall state the purpose or purposes of the proposed meeting. At the annual meeting, the members shall elect the new members of the Board of Directors, and transact such other business as may properly come before the meeting. Written notice of the annual and special meetings of the membership shall be given to each member entitled to vote at least 10 days prior to said meetings as specified in Section 4 above. The Secretary shall maintain a list of all Class A and Class B members entitled to vote at annual and special meetings with said list containing a mailing address of each member. All members shall be responsible for notifying the said Secretary of any change in their address between annual meetings, and all written notice of annual and special meetings sent to the addresses of the members as shown on the membership list shall be effective as notice by the Association.

Section 6. Special Meetings: Special meetings of the Class A and Class B members for any purpose or purposes unless otherwise prescribed by statute or by these By-Laws, may be called by the President, the Board of directors or members holding one-third of the total eligible votes. Such request shall be in writing and shall state the purpose or purposes of the proposed special meeting. Written notice of the special meeting of members stating the time, place and purpose thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the list of the Secretary of the Association, at

least 10 days before such meeting. Business transacted at all special meetings shall be confined to the objects and purposes stated in the notice thereof, unless 100% of the members present at such meeting in person or by proxy consent to the transaction of business not stated in the notice.

Section 7. Quorum: 51% of the total number of eligible votes of the Association, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the members of the Association for the transaction of business, except as otherwise provided by Statute, by the Subdivision Covenants, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 8. Order of Business: The order of business at the annual Association meetings and as far as practical at other meetings of the membership, will be as follows:

1. Roll call and certifying of proxies;
2. Proof of notice of meeting without waiver of notice;
3. Reading of minutes of prior meeting;
4. Officers' reports;
5. Committee reports;
6. Approval of budget;
7. Election of directors;
8. Unfinished business;
9. New business;
10. Adjournment.

Section 9. Officers: The Association shall have not less than three (3) officers, a President, Secretary and Treasurer, which shall be elected by the Board of Directors for a term of one year or until their successors have been elected. The Board may provide for one or more Vice-Presidents or Assistant Secretary or Assistant Treasurer. The President shall act for the Association, but shall not have the authority to obligate the credit of the Association, nor the members thereof, without authorization of either the Board of Directors or the membership. All checks written on any bank account of the Association shall be signed by any two or more of the authorized officers as indicated on the Association's bank signature cards and resolution adopted pursuant thereto. The Association may authorize the Treasurer or Assistant

Treasurer to sign all checks for the Association, and the Assistant Treasurer need not be a member of the Association. The duties of the officers shall be as follows:

a. President: The President shall preside at all meetings of the members and Directors; he shall have general and active management of the business of the Association; he shall see that all orders and resolutions of the Board of Directors are carried into effect; he shall have equal superintendence and direction of all the other officers of the Association, and shall see that their duties are performed properly. He shall report on the operations of the Association for the fiscal year to the directors when called for by them, and to the members at the annual meeting, and from time to time shall report to the Board of Directors all matters within his knowledge which the interest of the Association may require to be brought forward. He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of an Association.

b. Vice-President: If a Vice-President is hereafter elected, the Vice-President shall be vested with all of the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Board of Directors.

c. Secretary: The Secretary shall keep the minutes of the meetings of the members and the Board of Directors; he shall see that all notices are fully given in accordance with the provisions of these By-Laws or as required by law. He shall keep a register of the post-office address of each member, which shall be furnished to the Secretary by all members.

d. Treasurer: The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and Directors at the regular meetings of the board or whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. Such records shall be open to inspection by members at a reasonable time. In addition he may be required to give the Association at the Association's costs a bond in the sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the Association, in case of his death, resignation or removal from

office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the Association. He shall maintain a register for the names of any mortgage holders or lien holders on lots who have requested in writing that they be registered to whom the Association will give notice of default in case of non-payment of assessments. No responsibility by the Association or its members is assumed with respect to said register except that it will give notice of default to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor. In general he shall perform all duties as may from time to time be assigned to him by the President or by the Board of Directors.

Section 10. Executive Board:

a. Number and Term. The initial Board of Directors shall consist of one (1) Director. At the first annual meeting the number of directors shall be increased to three (3) and the number of Directors shall remain three until these By-Laws have been amended by the Directors in accordance with Article VI hereafter. All Directors shall be required to be members of the Association. Provided, so long as the Developer owns 25% or more of the lots within the subdivision evidenced by the recordation of a Deed or Deeds to lots therein, then the Developer as the initial Declarant or its written appointee shall appoint the three members of the Board of Directors at the first annual meeting and all subsequent meetings until control of the Board of Directors has been completely transferred to the lot owners. The three members so appointed by the Declarant or its written designee shall not be required to be members of the Association. No later than one hundred and twenty (120) days after conveyance of seventy-five percent (75%) of the lots within the Subdivision to owners other than the Declarant, a special meeting of the Association shall be held for the purpose of selecting members to the Board of Directors to replace those members of the Board of Directors appointed by the Declarant. Pending transfer of control of the Association, the Declarant, Front Street Village, LLC, shall have the absolute right to appoint all members of the Board of Directors.

b. Subject to the provisions of subparagraph (d) hereafter, if the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority vote of the membership at a properly called meeting of the membership shall elect a replacement to fill the unexpired term in respect to which said vacancy occurs.

c. Lot Owners by at least 67% of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause, in accordance with G.S. 47C-3-103.

d. Pending transfer of control of the Association in accordance with Article XI of the Articles of Incorporation, the Declarant shall have the right to remove any member of the Board of Directors with or without cause, and to appoint and elect successors to the Board in the event of the death, resignation, retirement, disqualification, removal from office or otherwise of a Director.

e. Powers. The property and business of the Association shall be managed by the Board of Directors, which may exercise any and all authority over the management of the Association and the common areas not specifically prohibited by Statutes, these By-Laws, or the Declaration of Covenants and Restrictions for the Cottages at Front Street Village Subdivision.

The powers of the Board shall specifically include all powers set forth in the Declaration of Protective Covenants and Restrictions and the Articles of Incorporation, which powers are incorporated herein by reference as if fully set out, and shall include but not to be limited to the following:

1. To make and collect regular and special assessments and establish the time within which payment of the same are due.

2. To use and expend the assessments collected to maintain, care for and preserve the subdivision properties.

3. To purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.

4. To enter into and upon Association properties and lots when necessary and with as little inconvenience to the lot owner as possible in connection with such maintenance, care and preservation.

5. To insure and keep insured Association properties in the manner set forth in the Declaration of Covenants against loss from fire and/or other casualty, and the lot owners and Association against public liability, and to purchase such other insurance as the Board may deem advisable.

6. To collect delinquent assessments by suit or otherwise, abate nuisances and enjoin or seek damages from purchasers for violations of these By-Laws and the terms and conditions of the Declaration of Protective Covenants.

7. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

8. To make appropriate changes in the Rules and Regulations for the use and occupancy of Association properties as may be deemed necessary.

9. To acquire and/or rent and/or lease personal and real properties in the name of the Association or a designee.

10. To contract for management of the Association properties and to delegate to such other party all powers and duties of the Association except those specifically required by the Declaration of Protective Covenants to have specific approval of the Board or membership.

11. To carry out the obligations of the Association under any restrictions and/or covenants running with any land submitted to the Declaration of Protective Covenants for the Subdivision.

12. To designate, as the board deems appropriate, assigned parking spaces for each lot, visitors, service vehicles, boats, and other vehicles.

13. To adopt Rules and Regulations pursuant to Article IV of these By-Laws pertaining to "Default".

14. To impose a special assessment against any purchaser, not to exceed \$150.00 for each occurrence, for the violation by the purchaser or his guests of any rule or regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision of the Declaration.

Section 11. Meetings of the Board of Directors:

a. The first meeting of each Board newly elected by the members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be

present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general membership meeting.

b. Special meetings shall be held whenever called by the Director or the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally or by mail, or telegram, at least three (3) days before the date of such meeting, but the directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

c. A quorum shall be deemed present throughout any meeting of the Board of Directors of persons entitled to cast 50% of the votes on that Board, if present at the beginning of the meeting. The act of a majority present at such meeting and which there is a quorum shall be the act of the Board. If the quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.

d. Order of Business: The order of business at all meetings of the Executive Board shall be as follows:

- i. Roll call;
- ii. Proof of notice of meeting or waiver of notice;
- iii. Reading of minutes of last meeting;
- iv. Consideration of communications;
- v. Reports of officers
- vi. Report of committees;
- vii. Unfinished business;
- viii. Election of officers at annual meeting;
- ix. New Business;
- x. Adjournment.

e. Annual Statement: The Board shall present, no less often than at the annual meeting, a full and clear statement of the business and condition of the Association, including a report of the operating expenses of the Association and the assessments paid by each member.

Section 12. Liability: The officers, and directors shall not be liable to the owner for any mistake in judgment, negligence, or otherwise except for their own individual willful misconduct, bad faith, or gross negligence.

Section 13. Compensation: Neither Directors nor officers shall receive compensation for their services as such.

Section 14. Removal of Officers and Directors: Any one or more of the officers and Directors may be removed at any time, with or without cause, by a vote of lot owners representing at least 67% of all persons present and entitled to vote at any meeting of the owners at which a quorum is present. Upon the removal of any officer or Director, the membership shall elect a replacement to fill the unexpired term subject to the Declarant's rights set forth in Section 10(d) above.

ARTICLE IV

FINANCES

Section 1. Fiscal Year: The fiscal year shall be the calendar year.

Section 2. Checks: All checks or demands for money and notes of the Association shall be signed by the following officers: President or Vice-President and Treasurer, or by such officer or officers or such other persons as the Executive Board may from time to time designate.

Section 3. Determination of Assessments:

A. Regular Budget and Assessments

1. The Board shall determine from time to time the sum or sums necessary and adequate for the common expenses of the Association. The Board shall adopt a proposed regular budget for the Association, and within 30 days after adoption of the proposed budget, the Board of Directors shall provide a summary of the budget to all regular members, and shall set a date for a meeting of the regular members to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.

2. The budget shall constitute the basis for all dues and assessments for common expenses against owners, which assessments shall be due and payable periodically as determined by the Board of Directors. Common Expenses shall include expenses for the operation, maintenance, repair or replacement of Association properties, cost of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, and any other expenses designated as common expenses from time to time by the Board of Directors.

3. The Board is specifically empowered on behalf of the Association to make and collect assessments and to maintain, repair and replace the common areas and facilities. The dues and assessment shall be uniform for all lot owners and shall be payable periodically as determined by the Board.

4. Special assessments for common expenses and repairs or replacement of capital not adequately funded through the regular assessments may be required by the Board and shall be levied and paid in the same manner as hereinbefore provided for regular assessments. Notwithstanding anything in these By-Laws or the Declaration of Protective Covenants which authorize assessments and expenditures, no special assessment exceeding \$1000 per lot per annum or expenditure for the improvement of the Association properties exceeding \$35,000 per annum for the subdivision shall be made without the approval of sixty-seven percent (67%) of the regular membership. Nothing herein shall restrict or limit the number of special assessments which may be made annually if deemed necessary for common expenses and repairs or the replacement of capital not adequately funded through the regular assessments.

5. When the Board has determined the amount of any assessment, the Treasurer of the Association shall mail or present a statement of the assessment to each of the assessed owners. All assessments shall be payable to the Association, and upon request, the Treasurer shall give a receipt for each payment made.

6. The Board may enter into a management contract with third parties to whom the Board of Directors may delegate the power to levy and collect assessments approved by the Board or required by the Declaration of Protective Covenants.

7. All assessments not paid when due shall bear interest at the highest legal rate of interest.

ARTICLE V

DEFAULT

Section 1. Dues and Assessments: Each purchaser of a lot in the Cottages at Front Street Village Subdivision by the acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association such monthly dues and special assessments as shall be established from time to time by the Board of Directors or membership of the Association. Such monthly dues and special assessments, together with interest, cost, and reasonable attorney's fees, shall be a charge on the lot and shall be a continuing lien on the land against which each assessment is made, until paid. In addition such monthly dues and special assessments shall also be the personal obligation of the purchaser of the lot at the time the dues or assessments become due. This personal obligation shall not pass to a successor in title to the purchaser unless expressly assumed by such successor. The dues and any assessments shall be used exclusively to promote the recreation, health, safety and welfare of the members of the Association and for improvements, maintenance of the common areas and properties, buildings or improvements within said subdivision development. The lien of the monthly dues and special assessments provided for herein shall be subordinate to the lien of any first mortgage. No sale or transfer of any lot shall affect the lien for unpaid dues or special assessments. The monthly dues shall be payable monthly in advance, unless otherwise directed by the Board of Directors. The pro rata portion of the dues levied for the month purchased shall be collected by the Declarant from the purchaser of each lot at the time the sale is closed. This money shall be paid by the Declarant to the Association. The amount of the monthly dues for each year shall be fixed at the annual meeting of the membership for the following fiscal year of the Association. The monthly dues shall commence as to all lots on the date a deed to the lot from the Declarant is recorded. In addition to the monthly dues the Association may levy a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Association properties, or for acquiring additional land for Association properties, or for the any other related purpose, and the Association shall give notice of meeting clearly stating that a vote is to be held on whether to levy such special assessment.

Section 2. Enforcement of Lien for Assessments: In the event a lot owner does not pay any sums, charges, or assessments required to be paid to the Association by the due date, the Association, acting on its behalf or through its Board of Directors, may enforce its lien for assessments and to take such other action to recover the sums, charges or assessments to which it is entitled, in accordance with Chapter 44 and 44A of the North Carolina General Statutes.

Section 3. Legal Costs: In the event such legal action is brought against any lot owner and results in a judgment for the Association; the lot owner shall pay the Association's reasonable attorney's fees, costs of collection, and court costs.

Section 4. Foreclosure: If the Association becomes the purchaser of a lot by reason of foreclosure, it shall offer said lot for sale and at such time as a sale is consummated, it shall deduct from the proceeds of said sale all sums or money due it for assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the lot, which shall include but not be limited to advertising expenses, real estate brokerage fees and other incidental expenses.

Section 5. Other Remedies: In the event of violation of the provisions of the Protective Covenants or rules and regulations adopted by the Board of Directors for thirty (30) days after notice from the Association to the lot owner and failure to correct the same, the Association, on its own behalf or through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of the Protective Covenants or these By-Laws, or may sue for damages, or take other courses of action, or pursue other legal remedies as it may deem appropriate.

Section 6. Intent: Every lot owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to collection of dues and assessments, default and abatement of nuisances, regardless of the harshness of the remedy available to the Association and regardless of the availability of the other equally adequate legal procedures. It is the intent of all purchasers of lots to give the Association a method of procedure which will enable the Association at all times to operate on a business-like basis, to collect the monies due and owing it from the purchasers of lots, and to preserve each lot purchaser's

right to enjoy his lot, free from unreasonable restraint and nuisance.

Section 7. The rights, privileges and responsibilities granted to or imposed upon the Association and regular members shall also apply to and be exercised with regard to assessments and dues for slip owners.

ARTICLE VI

AMENDMENTS

The By-Laws may only be altered, amended or added to at any duly called meeting of the members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; and (2) that the quorum requirements for such purposes shall be a 60 percent of the eligible votes in person or by proxy.

In addition, it shall be necessary that there be an affirmative vote of the Board of Directors, in order to amend the By-Laws. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the rights and/or liabilities of any mortgagee.

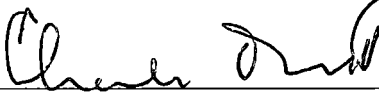
ARTICLE VII

CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

IN WITNESS WHEREOF, the Board of Directors of the Owners Association have executed these By-Laws on this the 13 day of Sept. 2022.



Charles Oliver II director

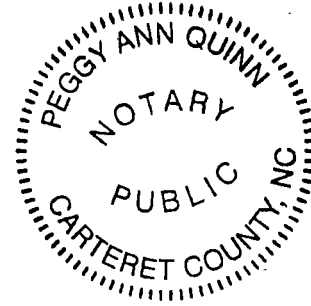
STATE OF NORTH CAROLINA
COUNTY OF Carteret

I, a Notary Public, in and for said County and State, do hereby certify that Charles Oliver II, director, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

Witness my hand and official seal or stamp this the 13 day of September, 2022.

Peggy Ann Quinn
Notary Public

My Commission expires: 5-26-2026



ARTICLES OF INCORPORATION

OF

THE COTTAGES AT FRONT STREET VILLAGE OWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes entitled "Nonprofit Corporation Act," and the several amendments thereto, the undersigned, natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I.

The name of the corporation is The Cottages at Front Street Village Owners Association, Inc., herein "Corporation" or "Association".

ARTICLE II.

The registered office of the Corporation is located at 2450 Lennoxville Road, Beaufort, Carteret County, NC 28516. The principal office of the Corporation is located at the same address pending further action by the Board of Directors.

ARTICLE III.

Charles Oliver II, whose address is 2450 Lennoxville Road, Beaufort, Carteret County, NC 28516, is hereby appointed the initial Registered Agent of the Corporation.

ARTICLE IV.

The Corporation does not contemplate pecuniary gain or profit to the members thereof and no part of the Corporation's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the corporation shall be to administer the operation and management of properties and common areas conveyed, transferred, leased or assigned for management or administration to said Corporation within or without The Cottages at Front Street Village Subdivision being developed in the Town of Beaufort, Carteret County, North Carolina, by Front Street Village, LLC, consisting of 34 lots in the Town of Beaufort, Carteret County, North Carolina, with open spaces, common areas, and roads as shown on a plat recorded in Map Book 34, page 492, Office of the Register of Deeds for Carteret County, North Carolina, and the amendments and modifications thereto; to undertake the performance of the acts, duties, rights and responsibilities incident to the administration of the operation and management of the common areas and properties of The Cottages at Front Street Village Subdivision as more particularly assigned and described in the Protective Covenants and Restrictions for the development; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or

convenient in the administration and management of association properties located within said development. The Covenants provide that additional properties may be added and these properties will be subject to the Covenants and administered by said Association.

ARTICLE V.

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina.

2. The Corporation shall have all the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including, but not limited to, the following:

(a) To make and establish reasonable rules and regulations governing the use of Association properties and Common Areas within the development as said terms may be defined herein and in the Protective Covenants and Restrictions for said Subdivision.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Association as may be provided in the Protective Covenants and Restrictions for the Development and in the By-Laws of this Corporation which maybe hereafter adopted, including the right to levy and collect assessments for the purpose of acquiring, operating, leasing, managing and otherwise trading and dealing with Association properties, whether real or personal, which may be necessary or convenient in the operation and management of the Association Properties and Common Areas within or without said development, and for the purpose of accomplishing the purposes set forth in the Protective Covenants and Restrictions for The Cottages at Front Street Village Subdivision.

(c) To maintain, repair, replace, operate and manage Association Properties, real or personal, including the right to reconstruct improvements after casualty and to make further improvements to Association Properties within the subdivision and to make and enter into any and all contracts necessary or desirable to accomplish said purpose.

(d) To contract for the management of the Association and to delegate to such management firm all of the powers and duties of the Association except those which may be required by these Articles of Incorporation, By-Laws hereafter adopted, or the Protective Covenants and Restrictions, to have the approval of the Board of Directors or membership of the Corporation.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, undivided interests in real property, memberships, and other possessory, ownership or use interests in land or facilities including, but

not limited to, open spaces and other recreation facilities, whether or not contiguous to The Cottages at Front Street Village Subdivision in order to provide enjoyment, recreation or other use or benefit to the owners of lots within said development.

(f) To enforce the provisions of these Articles of Incorporation, the By-Laws of the Corporation, pertinent and applicable provisions of any of the Protective Covenants and Restrictions for the development, and the rules and regulations governing the use of Association Properties as the same may be hereafter be established from time to time.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to any of the recorded Protective Covenants and Restrictions for the development.

(h) To acquire, own, operate, lease, manage, maintain and otherwise operate in all respects properties which may be annexed to or added and brought under the covenants for the development.

(i) Said corporation shall further have as its purpose and object the administration of such additional properties and common areas as may be annexed to or brought under the Protective Covenants and Restrictions for the Development.

ARTICLE VI.

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. There shall be two types of memberships consisting of a Class A member and Class B member. Class A members shall be all lot owners other than the Declarant- Developer under the Restrictive Covenants, and the Class B member shall be the Declarant-Developer which shall have 3 votes for each lot still owned by the Declarant. Every purchaser of a lot within the development shall be required to be a class A member of the Association, and class A memberships shall be limited to purchasers of lots within said development.

2. Class A memberships shall be appurtenant to and may not be separated from ownership of a lot. Persons or entities who hold an interest in a lot merely as security for the performance of an obligation shall not be class A members.

3. When more than one person holds an interest in any lot, all such persons shall be entitled to the privileges and responsibilities of a class A membership, but said lot shall only have one vote, and the purchasers of said lot shall designate one of them as the voting class A member. If the lot is owned by a corporation or other business entity, an officer or employee shall be designated as the voting class member.

4. Each lot owner as a class A member shall have one vote at all meetings of the membership of the Association. The Class B member Declarant shall have 3 votes for each lot

owned. Through recordation of the Protective Covenants and Restrictions and the Deed for each lot, the owner or purchaser of the lot shall automatically become a class A member of the Association and entitled to one vote per lot.

5. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to ownership of the lot. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, and the Protective Covenants and Restrictions for the development and in the By-Laws which maybe hereafter adopted.

6. As the Protective Covenants and Restrictions for the Development are recorded and lots are sold and conveyed pursuant to the same, a roster or other written documentation shall be maintained containing the names and addresses of all purchasers of lots. The vote of each lot may be cast or exercised by the Owner or Owners of each lot in such manner as may be provided in the By-Laws hereafter adopted by the Corporation.

ARTICLE VII.

The Corporation shall have perpetual existence.

ARTICLE VIII.

The affairs of the Corporation shall be managed by the Board of Directors, and the Chief Officer of the Corporation shall be the President, assisted by the Secretary/Treasurer, subject to the directions of the Board of Directors. The Board of Directors may employ a management firm and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Association, and the affairs of the Corporation, and any such person or entity may be a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX.

The number of members of the First Board of Directors of the Corporation shall be one. The number of members of the succeeding Board of Directors shall be as provided from time to time by the By-Laws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the annual meeting of the membership as provided by the By-Laws of the Corporation. All Directors shall be required to be members of the Association. Provided, until such time as seventy-five (75%) percent of all lots within the Development have been sold which shall be evidenced by the recordation of a Deed or Deeds to lots therein, then the Declarant or its written appointee shall appoint the members of the Board of Directors annually and their successors until control of the Board of Directors has been completely transferred to the lot owners. The members so appointed by the Declarant or its written designee shall not be required to be members of the Association. Not later than one hundred and twenty (120) days after conveyance of seventy-five (75%) percent of the lots within the

Subdivision to owners other than the Declarant, a special meeting of the Association shall be held for the purpose of selecting members to the Board of Directors to replace those members of the Board of Directors appointed by the Declarant. At such time as 75% of all lots have been sold and the members have assumed control over the management of the Corporation, in accordance with the Covenants, the Declarant so long as it owns one lot shall have the right to appoint or elect one director to the Executive Board for a period of five years after the membership has assumed control.

ARTICLE X.

The Board of Directors shall elect a President and Secretary/Treasurer. The President and Secretary/Treasurer shall be elected from among the membership of the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created by the Board of Directors.

ARTICLE XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws and the laws of the State of North Carolina, shall hold office until the first annual meeting of the Membership (or until their successors are elected and qualified) are as follows:

Charles Oliver, II
2450 Lennoxville Road
Beaufort, Carteret County, NC 28516

ARTICLE XII.

The original By-Laws of the Corporation shall be adopted by a majority vote of the initial directors, and thereafter such By-Laws may be altered or amended only in such manner as said By-Laws or North Carolina law provides.

ARTICLE XIII.

Every Director and every officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the

Corporation, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

ARTICLE XIV.

An amendment or amendments to these Articles of Incorporation shall require the assent of sixty six and two thirds percent (66-2/3%) of the Board of Directors.

ARTICLE XV.

In the event of dissolution of this Corporation, all of its then assets shall be distributed as follows:

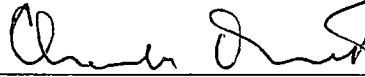
(i) The dissolution shall be conducted under Court supervision, if required or permitted under the statutes of the State of North Carolina, as now enacted or as hereafter amended or supplemented, and, subject to prior compliance with Chapter 47F of the North Carolina Statutes, as then amended or supplemented, the assets of this Corporation shall be distributed to another non-profit corporation or unincorporated association formed for the purpose of operating, managing or administering association properties and discharging association responsibilities in accordance with these Articles and the Protective Covenants and Restrictions of the Subdivision, or in the event no such corporation or association exists, then the assets of this corporation shall be distributed to Carteret County or other public entity, or to a similar non-profit corporation which has as its purpose the operation, management or administration of the Association properties and the discharge of Association responsibilities in accordance herewith.

ARTICLE XVI.

The name and address of the incorporator is as follows:

Charles Oliver, II
2450 Lennoxville Road
Beaufort, Carteret County, NC 28516

IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 13 day of September 2022.



Charles Oliver II
Incorporator

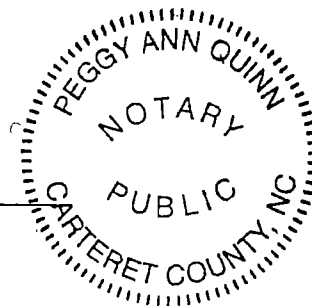
STATE OF NORTH CAROLINA
COUNTY OF Carteret

I, PEGGY ANN QUINN, the undersigned Notary Public hereby certify that Charles Oliver II personally appeared before me, and being by me first duly sworn, declares that he signed the foregoing document in the capacity indicated and that the statements therein contained are true.

Witness my hand and notarial seal, this the 13 day of
September, 2022.

Notary Public

Peggy Ann Quinn



My commission expires: 5-26-2026