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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SEABROOKE

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THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS, THE FLAG OF THE UNITED STATES OF AMERICA AND/OR STATE OF NORTH CAROLINA. (BUT SEE ARTICLE VII WHICH PERMITS ALL OWNERS TO DISPLAY AN AMERICAN AND/OR NORTH CAROLINA FLAG 3'X5' OR SMALLER).

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SEABROOKE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SEABROOKE (herein called the "Declaration") is made and entered into this the 30th day of March, 2009, by **HOLLY TREE INVESTMENTS, LLC**, a limited liability company organized and existing under the laws of the state of North Carolina (hereinafter referred to as the "Declarant"). **Signature Homes of Wilmington, Inc.**, a North Carolina corporation ("Signature"), joins herein for the purpose of consenting to this Declaration and subjecting its respective property to the restrictions, terms and conditions provided herein.

WITNESSETH

WHEREAS, Declarant is the Owner of all of the interest and equity in that certain tract of land described in Exhibit A attached hereto and incorporated herein by reference (less and except Signature's Lots as further defined below, herein called the "Property"), to be known as "Seabrooke"; and

WHEREAS, Signature is the owner of a portion of the property described in Exhibit A, being more particularly described as Lots 1, 59, 60, 62, 63, 115, 163 and 164, Phase 1 of Seabrooke (collectively, "Signature's Lots"); and Signature has consented and agreed to subject its respective Lots to the terms and conditions of this Declaration;

WHEREAS, it is the desire of the Declarant to insure the use of said Property for residential purposes only, to maintain the attractiveness and value of the Property, to maintain the standard of conduct and use of the Property as established by this Declaration or as commonly exists in the Residential Community, or the minimum standards established pursuant to the Architectural Design Standards, Restrictions and Rules, and Board resolutions, and thereby to secure to each Owner the full benefit and enjoyment of his or her Lot with no greater restriction upon the free and undisturbed use of his or her Lot than is necessary to insure the same advantages to all Owners; and

WHEREAS, Declarant, for the use and benefit of itself and its successors and assigns, does desire to encumber, place and impose upon the Property, the following conditions, covenants, reservations, easements and restrictions to ensure the proper use, development and improvement of such Property; to enhance the value, desirability and attractiveness of the Property; to protect against the construction of improvements and structures not in keeping with the Community-Wide Standard; to ensure compliance with all applicable governmental rules, regulations, ordinance and laws, including zoning ordinances, building codes and environmental laws and regulations; to provide for a method for the maintenance and continued improvement of



certain common areas and facilities appurtenant to the Property; and to otherwise provide for the construction and development of quality improvements on the Property.

NOW THEREFORE, in consideration of the premises and of the mutual benefits and duties herein contained, Declarant hereby declares that the Property shall be held, developed, improved, leased, sold, transferred, conveyed and occupied subject to the following covenants, reservations, easements, conditions and restrictions, all of which are for the purpose of protecting the value and desirability of, and which shall run with title to, the Property and shall be binding on all parties having a right, title or interest therein, along with their heirs, successors and assigns, and which shall inure to the benefit of each owner thereof.

Article I

DEFINITIONS

1. "Association" shall mean and refer to Seabrooke Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.
2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association pursuant to its By-Laws.
3. "Building" shall mean and refer to a home and associated garage constructed or erected on a Lot.
4. "By-Laws" shall mean the by-laws of the Association as they now or may hereafter exist and as they may be amended from time to time.
5. "Common Area" shall mean and refer to any of the Property designated as Common Area by this Declaration, or conveyed to the Association by warranty deed recorded in the Brunswick County Registry and which deed specifically designates said area as Common Area and incorporates the provisions of these restrictions as to the use of said property as Common Area, along with any facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of the Members of the Association. Additional Common Area may be annexed or "phased" into the subdivision as hereinafter provided.
6. "Common expenses" shall mean and include:
 - a. All sums lawfully assessed by the Association against its Members;
 - b. Expenses of administration, maintenance, repair or replacement of the Common Areas and the stormwater system;
 - c. Expenses declared to be common expenses by the provisions of this Declaration or the By-Laws;

d. Liability for such other insurance premiums as the Declaration or By-Laws may require the Association to purchase;

e. Expenses agreed by the Members to be common expenses of the Association;

f. Any ad valorem taxes and public assessments levied against the Common Area.

7. "Common profits" shall mean and refer to the balance of all income, rents, profits and revenues of the Association remaining after the deduction of the common expenses or reserve therefore. Common profits shall not mean or include any sums lawfully assessed against Members by the Association.

8. "Community-Wide Standard" shall mean the standard of conduct, use of the Property, maintenance, or other activity generally prevailing throughout the Residential Community. Such standard may be more specifically defined or determined by the Board of Directors and the Architectural Review Committee.

9. "Conservation Area" or "Wetlands Conservation Area" shall mean and refer to any area of the Property designated as a "Preservation Area", "Conservation Area" or "Wetlands Conservation Area" on any recorded plat of the Residential Community. A Conservation Area or Wetlands Conservation Area may be located upon individual Lots or in any of the Common Areas within the Residential Community.

10. "Declaration" shall refer to this Declaration of Covenants, Conditions, and Declaration for Seabrooke, and any supplements or amendments thereto.

11. "Declarant" shall mean and refer to Holly Tree Investments, LLC, a North Carolina limited liability company, or its successors and assigns, to whom the rights of Declarant are expressly transferred by instrument duly recorded in the Brunswick County Registry, or who acquires title to all the remaining Property owned by the Declarant under a deed in lieu of foreclosure, judicial foreclosure, or foreclosure under power of sale contained in any deed of trust.

12. "Design Guidelines" shall mean the architectural design guidelines and procedures set forth herein or adopted by the Architectural Review Committee pursuant to Article VIII herein and applicable to all Lots.

13. "Home" shall mean and refer to a detached, free-standing dwelling or place of residence and attached or detached garage constructed upon a Lot within the property.

14. "Lot" shall mean and refer to any plot of land, other than the Common Area, which is subject to this Declaration and is shown on a recorded map of the Residential Community, and upon which a home has been or may be constructed.

15. "Member" shall mean and refer to every person who is a member of the Association. Each Owner as defined herein, shall be a Member.

16. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those who have such interests merely as security for the performance of an obligation.

17. "Person" shall mean and refer to an individual, corporation, partnership, association, trustee or other legal entity.

18. "Planned Community Act" or "North Carolina Planned Community Act" shall refer to the North Carolina Planned Community Act, (N.C.G.S. §47F-1-101 et. seq.), as the same may be amended from time to time.

19. "Property" or "Properties": shall mean and refer to that certain real property shown on that plat referred to in Exhibit A attached hereto and any other real property which is made subject to this Declaration in the future.

20. "Residential Community" means all of the Property which shall be known collectively as "Seabrooke", and any other real property which is made subject to this Declaration in the future.

21. "Rules and Regulations" means rules and regulations adopted by the Board from time to time, governing land use, individual conduct and uses or actions upon the Property or within the Residential Subdivision.

Article II

ANNEXATION OF ADDITIONAL PROPERTIES

1. Annexation by Membership. Except as provided in Section 2 below, annexation of additional property shall require the assent of two-thirds (2/3) of the Class A Members and all of the Class B Members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

2. Annexation by Declarant. If the Declarant, its successors or assigns, shall develop all or any portion of any land contiguous to or within one mile from the Property which is subject to the Declaration, such additional tract or tracts may be annexed to said Properties without the assent of the Class A Members, by the execution and recording in the Brunswick County Registry of Supplemental Declaration making said additional tract or tracts subject to these restrictions and any specific covenants, conditions and restrictions applicable to such additional tract(s), provided however, the development of the additional tract(s) described in this section shall be in accordance with the same general scheme of development applicable to the Residential Community and with the Community-Wide Standard.



Article III

PROPERTY RIGHTS AND RESTRICTIONS OF OWNERS

1. Use of the Common Area. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every assessed Lot, subject to each of the following provisions;

a. The right of the Association to formulate, publish and enforce rules and regulations as provided in ARTICLE V herein.

b. The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and carrying out its maintenance responsibilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder.

c. The right of the Association to suspend the voting rights and rights to use of the Common Area and facilities by a Member, or any person to whom he has delegated his voting right, for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for an infraction of its published rules and regulations.

d. Easements as provided in Article IX herein.

2. Delegation of Use of Common Area. Subject to the provisions of the By-Laws and the rules and regulations of the Association, any Owner may delegate his right to the enjoyment of the Common Area to the members of his family, his tenants, or contract purchasers, provided, every such delegee must reside in the home of the Owner.

3. Conveyance of Common Area to Association. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to any of the Property which is to be designated as the Common Area, to the Association, and the Association shall be obligated to accept said conveyance. Any such conveyance shall be free and clear of all liens and encumbrances, except utility and drainage easements, easements to governmental authorities and the provisions of this Declaration, upon condition that such area conveyed shall be designated "Common Area" and shall be for the sole and exclusive use and benefit of Members, so long as such area is maintained in conformity with the requirements of the Community Documents, at the sole expense of the Association. The conveyance of the Common Area for the entire Residential Community shall be completed at the time of or prior to, the conveyance of the last Lot in the Community to an Owner.

4. Designation of Common Areas. The subdivision signage, stormwater retention pond, landscaped area and fencing located at the entrance to the Residential Community is hereby designated as Common Area for the exclusive use and enjoyment of the Members of the Association.



5. Conservation Area. Notwithstanding any provision in this Declaration to the contrary, that portion of the Property which is also designated as a Conservation Area as provided in this Declaration shall be maintained in perpetuity in a natural condition, subject to the following uses and restrictions:

a. No Owner or other person or entity shall perform any of the following activities on or within any Conservation Area:

1. Fill, grade, excavate or perform any other land disturbing activities.
2. Cut, mow, burn, remove, or harm any vegetation.
3. Construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers, or any other permanent or temporary structures.
4. Drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area.
5. Dump or store soil, trash, or other waste.
6. Graze or water animals, or use for any agricultural or horticultural purpose.

b. This Section 5 of Article III is intended to ensure continued compliance with the mitigation condition of a Clean Water Act authorization issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, Action ID SAW-2007-00944 and, therefore, may be enforced by the United States of America.

c. This Section 5 of Article III is to run with the Property and shall be binding on the Declarant, all Owners and all parties claiming under any of them.

d. Notwithstanding any other provision in this Declaration, this Section 5 of Article III may not be amended without the express written consent of the U.S. Army Corps of Engineers, Wilmington District.

Article IV

PURPOSE, FUNCTION AND GOVERNANCE OF THE ASSOCIATION

1. Function of Association. The Association shall be the entity responsible for management, maintenance, repair, ownership, operation and control of the Common Area. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Common Areas owned or leased by the Association as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural design guidelines and controls set forth in this Declaration and in the Design

Guidelines. The Association shall perform its functions in accordance with this Declaration, the By-Laws, the Articles and applicable North Carolina law.

2. Membership. Every person who is record Owner of a fee or undivided fee interest in any Lot, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligation, shall be a Member of the Association. There shall be only one vote per Lot in the Association except as otherwise provided in this Article IV. Membership shall be appurtenant to and may not be separated from Ownership of any Lot. The Board of Directors may make reasonable rules regarding proof of Ownership.

3. Voting Rights.

a. Class "A". Class A Members shall be all Owners with the exception of the Declarant. When more than one person holds an interest in any Lot, all such persons shall be Members.

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

During the Class "B" Control Period, the Class "B" Member shall be entitled to three (3) votes for each platted Lot and three (3) votes for each planned but currently-unplatted Lot in the Residential Community. The Declarant makes no representation whatsoever regarding the actual number of Lots to be included in the Residential Community. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

(i) when the Declarant owns twenty-five percent (25%) or less of the total number of the planned Lots in the Residential Community, including any property which may be annexed thereto, as herein provided, or

(ii) on January 1, 2025.

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

Article V

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, roads, road rights of way, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order and repair, consistent with this Declaration and the Community-wide Standard. Subject to the provisions of this Declaration, the Board of Directors shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of any Common Area.

2. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association at any time any Common Area and any other of the Property, and any personal property and leasehold and other property interests. Any such property conveyed to the Association by the Declarant shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed.

3. Rules. The Association, through its Board, may make, revoke, amend and enforce reasonable rules governing the use of the Properties, in addition to further defining or limiting, and, where specifically authorized hereunder, creating exceptions to, those covenants and restrictions set forth in this Declaration (the "Rules and Regulations"). Such Rules and Regulations shall be binding upon all Owners, occupants, invitees, lessees, guests and licensees.

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

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

6. Indemnification. To the maximum extent allowed by North Carolina law, the Association shall indemnify every officer, director, and Committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or



other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be party by reason of being or having been an officer, director or Committee member. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7. Dedication of Common Areas. The Association at any time may dedicate portions of the Common Areas to any local, state, or federal governmental entity, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.

8. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to enhance the security and safety of the Owners, occupants, invitees, lessees, guests and licensees. **THE ASSOCIATION, THE DECLARANT, AND ANY SUCCESSOR DECLARANT, SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY OF ANY PERSON OR ENTITY WITHIN THE SUBDIVISION, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF ANY SECURITY MEASURES WHICH MAY BE UNDERTAKEN. EACH PERSON OR ENTITY USING THE PROPERTIES ASSUMES ALL RISKS FOR DEATH OR PERSONAL INJURY, LOSS OR DAMAGE TO REAL OR PERSONAL PROPERTY, LOTS, RESIDENCES OR BUILDINGS ON THE LOTS, AND THE CONTENTS OF RESIDENCES OR BUILDINGS ON THE LOTS, RESULTING FROM ACTS OF THIRD PARTIES.**

9. Turnover Transfer by Declarant. Upon the expiration of the Class B control period, as provided in Article IV herein, or any time prior to said expiration, in the sole discretion of the Declarant, the Declarant may convey to the Association (i) all of the right, title and interest of the Declarant in and to all Common Area which has not been previously transferred to the Association, (ii) any and all right, title and interest of Declarant in and to any roads within the Residential Community, (iii) any rights of way or easements in or across the Property reserved to and exercisable by the Declarant, (iv) any and all stormwater permits, erosion control permits, CAMA permits, water system permits, wastewater or septic system permits, and any other governmental permits and licenses obtained by the Declarant in connection with the development of the Residential Community by the Declarant (the "Development Permits"), and (v) any and all rights and obligations as the Declarant under this Declaration, except for any rights and authority of the Declarant which may survive such expiration of the Class B control period which the Declarant may specifically except from said conveyance, and the rights and authority of the Declarant as an owner of the any of the Lots described herein (said conveyance referred to herein as the "Turnover Transfer").

10. Obligations of the Declarant Prior to Turnover Transfer. Prior to the Turnover Transfer as provided in Section 9 of this Article V, the Declarant shall provide to the Association the following:

- a. Certification from a licensed professional engineer chosen by the

Declarant, that available test data confirm that (1) all roads within the Residential Subdivision are built with satisfactory soil and subgrade compaction, (2) all roads have a stone base at least 8" thick with suitable density and compaction, and (3) all roads have a layer of asphalt at least 2" thickness with suitable density and compaction (the "Road Certification").

b. Certification from a licensed professional engineer chosen by the Declarant that the stormwater drainage system of the Residential Community is planned and constructed in accordance with said stormwater plan and any applicable stormwater permits, licenses or agreements between Declarant and any governmental agency or any public or private utility company and in accordance with any applicable laws and governmental rules and regulations (the "Stormwater Certification").

c. Certification from a licensed professional engineer chosen by the Declarant that any erosion control system, water system, wastewater or septic system, and any other utility system of the Residential Community is planned and constructed in accordance with any applicable erosion control plan and permit, water system permits, wastewater or septic system permits, and any other governmental permits, licenses or agreements between Declarant and any governmental agency or any public or private utility company, and in accordance with any applicable laws and governmental rules and regulations (the "Utility Certification")

11. Obligations of the Association upon Turnover Transfer. Upon the receipt of the Road Certification, the Stormwater Certification, the Utility Certification and the Turnover Transfer as provided herein, the Association shall be obligated and required as follows:

- a. To accept the Turnover Transfer.
- b. To assume all the rights and responsibilities of the Declarant, including with regard to the maintenance and repair of any roads, rights of way and easements, Common Areas and any other property transferred to the Association, the maintenance of and payment of premiums for any necessary property insurance, and the payment of any applicable property taxes.
- c. To assume the rights and responsibilities of the Declarant for all erosion control plans and permits, CAMA permits, water system permits, wastewater or septic system permits, and any other governmental permits, licenses or agreements obtained by the Declarant in connection with the development of the Residential Community. After such assignment and assumption, the Association shall cooperate in good faith to obtain the transfer of any such permits, agreements and licenses on the records of any governmental agency or department or public or private utility company having jurisdiction of said matters.

The Turnover Transfer shall be effective upon delivery of the Road Certification, the Stormwater Certification, the Utility Certification and the Turnover Transfer by the Declarant, and the Declarant shall have no further responsibility for and shall be released from any liability with regard to any matters arising after the effective date, from or relating to the Turnover Transfer or with regard to any real property or rights therein, Development Permits, or any other rights, duties or other matters transferred to the Association as a result of the Turnover Transfer.

12. Lot Maintenance by Association. If any Owner shall fail to maintain any Lot owned by said Owner in a manner which is reasonably neat and orderly, or in a state of repair so as not to be unsightly, unsafe or unsanitary, or shall fail to maintain the utility, sewer and drainage easement in accordance with the requirements set out herein, or shall otherwise fail to comply with this Declaration, the By-Laws or the Rules and Regulations, then the Association, by the affirmative vote of a majority of the Members of the Board, and following ten (10) days written notice to the Owner, may enter upon and make or cause to be made repairs to such improvements and perform any maintenance on the Lot, such as the removal of trash, cutting of grass, pruning of shrubbery, weeding, and drainage and erosion control, for the purpose of correcting the identified deficiency. The Association shall have an easement in all Lots for the purpose of accomplishing the foregoing. The reasonable cost incurred in rendering all such services, plus a service charge of fifteen percent (15%) of such cost, may be assessed against the Owner and the Lot as a Specific Assessment and enforced as provided herein.

Article VI

COVENANT FOR ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. Every Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, and every other Owner of any Lot which is made subject to the terms and conditions of this Declaration, is deemed to covenant and agree to pay to the Association.

- a. Annual Assessments.
- b. Special Assessments.
- c. Specific Assessments.

Such assessments shall be fixed, established and collected from time to time as hereinafter provided. Said assessments, together with such interest thereon, costs of collection thereof, and reasonable attorney's fees as may be established by the Association, shall be a charge against and a continuing lien upon the Lot and the improvements thereon, against which each such assessment is made. Each such assessment, together with such interest and costs and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of the Lot at the time the assessment became due. The personal obligations of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them and then only with the consent of the Association. The liability for all assessments by the record Owners of each Lot shall be joint and several. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the health, safety and welfare of the Owners and the Residential Community; enforcing these covenants and the Articles, By-Laws, and Rules and Regulations of the Association; providing the services and facilities for the purposes of or related to the



maintenance, use and enjoyment of the Common Area and facilities; for the purposes of payment of common expenses; and managing, repairing, maintaining and replacing the stormwater system, subdivision signs, and landscaping and fencing located at the entrance to the property.

3. Annual Assessments.

a. The initial Annual Assessment for each Lot shall be established by the Declarant, but shall not exceed Four Hundred Fifty & no100 Dollars (\$450.00) per lot, and shall be due and payable effective January 1, 2009.

b. From and after the date specified in Section 3(a) above, the maximum Annual Assessment may be increased effective January 1 of each year by the Board of Directors, without a vote of the Membership of the Association, by a percentage which may not exceed twenty (20%) percent of the amount of the Assessment for the previous year.

c. From and after the date specified in Section 3(a) above, the Annual Assessment may be increased in any amount by an affirmative vote of a majority of the Members who are, in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

d. In proposing the Annual Assessment for any assessment year, the Board shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs. The Board shall annually prepare a separate reserve budget which takes into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board may include in the Annual Assessment an amount for a capital contribution sufficient to permit meeting the projected capitol needs of the Association.

e. Declarant shall be exempt from the payment of the Annual Assessment for any unsold Lots for a period of two years after the date such Lots are platted of record in the Office of the Register of Deeds of Brunswick County as Lots in the Residential Community. Upon the expiration of two years from the date of recordation of said plat or plats, the obligations of the Declarant to pay the pro rata share of the Annual Assessment of the year remaining shall commence, and accrual of the obligation to pay assessments to the Association shall not begin until that date.

4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction or reconstruction, unexpected repairs, or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

5. Specific Assessments. The Board shall have the power to levy Specific Assessments against a particular Lot, as follows:

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

b. to cover costs, including overhead and administrative costs and reserves incurred for maintenance, repair and replacement of any private roads, signs, mail boxes, fences and berms which may be constructed for the benefit of certain specified lots.

c. to cover costs incurred in bringing a Lot into compliance with the terms of this Declaration, the By-Laws or the Rules and Regulations, or fines or costs imposed as a consequence of the conduct of an Owner, provided the Board shall give the Owner prior written notice and an opportunity for a hearing before levying a Specific Assessment under this Section 5.

6. Intentionally omitted.

7. Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots, on a per Lot basis, and shall be due and payable on a monthly, quarterly or annual basis as determined by the Board of Directors. This requirement shall not apply to Specific Assessments as provided in Section 5 of this Article VI.

8. Due Dates for Assessments.

a. Annual Assessments shall commence as to each Lot on January 1, 2009. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least two (2) months in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto thirty (30) days in advance of each Annual Assessment period. The due dates shall be established by the Board of Directors.

b. The Board of Directors shall fix the commencement date and the due dates for any assessments other than the Annual Assessments.

c. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

9. Lien for Assessments.

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

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

10. Effect of Nonpayment of Assessments: Remedies of the Association: Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at a rate not to exceed the maximum legal rate allowed in the State of North Carolina per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments.

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

12. Declarant's Obligation for Assessments. In addition to the rights of the Declarant with regard to Annual Assessments as set out in Section 3.e. of this Article VI, during the Class "B" Control Period, Declarant may annually elect the following options: (i) to pay the full assessments due on its unsold Lots subject to assessment, or (ii) to pay the difference between the amount of assessments collected on all Lots subject to assessment owned by Persons other than the Declarant and the amount of actual expenditures by the Association during the fiscal year, or (iii) pay one-half (½) of the assessments for Lots for all Lots but which have not yet been sold to a Person other than Declarant or an authorized builder. Unless the Declarant otherwise notifies the Board in writing at least 45 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding



fiscal year. The Declarant's obligation hereunder may be satisfied in the form of cash or by "in kind" contribution of services or materials, or by a combination of these methods.

13. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage and ad valorem taxes on each Lot. The sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

14. Exempt Property. The following property shall be exempt from payment of Assessments:

- a. Common Area;
- b. Any of the Property dedicated to and accepted by any governmental authority or public utility;
- c. Any of the Property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Lot which is subject to assessment under Section 1, Phase 10.9 (in which case the Lot shall not be exempted from assessment); and
- d. Any Lot which is not approved by any governmental agency for residential use.

Article VII

USE RESTRICTIONS

1. Plan of Development.

a. Declarant has created the Residential Community as a residential and recreational development and, in furtherance of its and every other Owner's interest, has established the Community-Wide Standard and has implemented a general plan of development for the Residential Community (the "Plan of Development"). Accordingly, the Residential Community is subject to guidelines and restrictions governing land use, individual conduct, and uses of or actions upon the Property as provided in this Declaration. This Article VII establishes affirmative and negative covenants, easements, and restrictions upon the Property (the "Use Guidelines and Restrictions").

b. All provisions of this Declaration, the Use Guidelines and Restrictions and of any Rules and Regulations shall also apply to all Owners, occupants, lessees, guests and invitees of any Lot. Any lease or rental agreement with regard to any Lot shall



provide that the lessee and all guests and invitees of the leased or rented Lot shall be bound by the terms of this Declaration, the By-Laws, and the Rules and Regulations.

c. The Board may administer, implement and enforce the Use Guidelines and Restrictions through the Rules and Regulations.

3. Residential Purposes. The Properties shall be used only for residential purposes, except as specifically provided in this Declaration.

4. Minimum Size of Residence. No residence smaller than twelve hundred (1,200) square feet of heated floor space, exclusive of porches, steps, walks, garages, carports, storage areas, etc., shall be constructed or located on any building Lot. Provided, that in cases where the area is not more than ten percent (10%) below the minimum above set out, Declarant, or its designated agents, may, at their option, approve the construction of the dwelling if it is in conformity with the general development of the Residential Community. In computing the number of square feet allowed as provided herein, no square footage in any part of the dwelling that is constructed over a garage will be counted, unless it is on the same utility hookup as the main dwelling and is a finished part of the constructed living space.

5. Construction Material. Except for the foundation of a residence, no concrete block, concrete brick, asbestos siding, aluminum siding, cinder block, tar paper, nor stucco composition shall be used for the exterior of any residence constructed on any building Lot herein conveyed, it being intended that only conventional frame, wood, masonite-type hardboard, vinyl, brick or clay brick exteriors utilized in buildings be constructed on the Lots.

6. Setback Lines. Since the establishment of standard inflexible building setback lines for location of houses on Lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines are established by this Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, Declarant reserves the right to control and approve absolutely the site and location of any house or dwelling or other structure upon any Lot and a plot plan shall be furnished for approval before construction begins. In any event, no house shall be erected closer to the front Lot line than 20 feet or nearer to any side line than 5 feet or the minimum distances established by applicable Brunswick County ordinances, whichever shall be greater, unless a variance is received in writing prior to construction.

7. Roofs. The main roof structure on any residence must have a minimum pitch of 5'/12' unless written permission to vary therefrom is first obtained from the Declarant. All shingles shall be earth tones, such as browns, grays and blacks.

8. Accessory Buildings. Construction plans and site location for any storage building or other building must be approved by Declarant in writing prior to construction and must conform to the residence on the Lot in paint color, building style, appearance, size and other matters.

9. Mobile Homes or Vehicles. No house trailer, mobile home, travel trailer or other recreational vehicle, tent, shack or temporary structure of any nature shall be located on any Lot or used at any time as a residence, temporarily or permanently, nor may any modular and prefabricated homes and previously constructed houses be erected or placed on any Lot, without the express written consent of the Declarant.

10. Fence. No fence shall be erected or hedge grown on any Lot unless written approval thereof has first been obtained from Declarant. No fence and no hedge shall be permitted nearer the front Lot line than the rear corners of the house constructed on said Lot unless approved by Declarant. No garden shall be permitted nearer the front Lot line than fifteen (15) feet back of the back corner of the house. On Lots having buffer fences installed by the Declarant, the Owner shall be responsible to inspect and maintain the fence in its original condition unless the responsibility of maintenance of the fence is given to another entity in writing by the Declarant. All fences shall be constructed of wood or similar materials, with the finished side on the outside.

11. Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within the main dwelling house, within an accessory building, within a screened area, or buried underground except that one natural gas or propane tank of a maximum of 60 gallons may be installed above ground. Each Lot Owner shall provide receptacles for garbage and all garbage cans, carts and bags must be kept in a screened area, accessory building or other storage facility, and not visible from the street, except on garbage pick-up days.

12. Water. All water to be used in said subdivision for any purpose whatsoever shall be obtained from North Brunswick Sanitary District (herein "NBSD"), its successors or assigns, unless other sources are approved by any governmental agency having jurisdiction over said matter, and the Declarant or their successors or assigns. An area within an eight (8) foot radius from each water meter shall be subject to an easement for maintenance and repair of such meter. Lot Owners may, however, with the Declarant's consent, drill shallow wells for irrigation purposes and for non-domestic use provided said wells and pumps are located so as not to be visible from the streets, are properly enclosed and landscaped, and comply with any restrictions placed on the depth thereof as may be approved by the Declarant.

13. Sewage. Sewage disposal shall only be allowed by connecting with the North Brunswick Sanitary District sewer system or other suitable public sewer system, or by means of a community septic system or other means of sewage disposal for certain lots as may be provided in a supplemental declaration to be recorded by the Declarant in the Brunswick County Registry.

14. Outdoor Structures and Objects. No outdoor statuary, flags or other decorative objects may be placed on any Lot without the written approval of the Committee. The American Flag no larger than 3 feet x 5 feet may be flown on a pole no longer than 5 foot 6 inches from a pole holder attached to the home in an approved location which can be reached by hand from the ground below so as to be easily installed and removed. Any flags will be displayed in accordance with traditional rules and regulations governing the flying and display of the American Flag. No clothes line or similar structure shall be permitted except portable clothes tree stands which shall not be visible from the street.



15. Pets. No animals, livestock or poultry of any kind shall be raised, bred, kept or maintained on any Lot or in any dwelling except a limited number of domestic household pets, which limit may be set by the Board. Domestic household pets may not be raised, bred, or kept for any commercial purpose. Pets must be leashed at all times when off Owner's Lot and droppings must be immediately removed. Pets shall be subject to any applicable laws or ordinances, including Leash laws. In the event any dog kept or maintained on a Lot or in any dwelling on the Properties barks excessively, continuously or in a manner that constitutes a nuisance, the Board may require such dog to wear a collar designed to reduce or control such excessive barking (provided that such action shall in no event limit any other rights or remedies for such situation that may be available to the Board or to any other parties at law or in equity).

16. Interference with Use of Lot. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of like nature as may diminish or destroy the enjoyment of other property in the development by the Owners.

17. Appearance of Property. No Lot or any residence or other structure on any Lot shall be allowed to be in an unclean, unsightly, or unmaintained condition, which would tend to decrease the aesthetic beauty of the Residential Community. All lawn mowers, bicycles, toys, grills and other similar objects must be stored when not in use so as not to be visible by the Owners of other Lots or the users of any street or recreation area or Common Area. All exterior storage areas, laundry facilities, utility areas, service yards or areas, carports, electrical meters, water meters, and gas meters are to be screened from view from streets and adjacent properties by an enclosure, fence, wall or natural landscape materials.

18. Lights. All light bulbs or other lights installed in any fixture located on the exterior of any building on any Lot shall be clear, white or non-frost light or bulbs, except that the Board may allow traditional and customary exterior lighting and decorative displays during the Christmas holiday season, subject to reasonable restrictions adopted by the Board in its sole and absolute discretion.

19. Subdivision of Lot. No Lot shall be subdivided, or its boundary line changed without the written consent of the Declarant. However, the Declarant hereby expressly reserves to itself the right to replat any Lot or Lots or change the alignment or placement of any road as may be necessary to carry out the scheme of development of the Residential Community, in Declarant's sole discretion including the right to extend streets and roadways for the purpose of providing access to adjacent properties and to take such other steps as are reasonably necessary to make such replatted Lot or Lots suitable and fit as a building site.

20. Landscape Maintenance. All Lots shall be mowed regularly, including that area from the Lot line to the edge of the paved street and kept clear of any unsightly objects or conditions, and in the event of a breach of this restriction, the Declarant reserves the right to enter upon the said Lot and mow the grass, clean up the Lot and remove unsightly trash, structures and objects at Owner's expense. The cost of the work necessary to correct any such condition may be assessed against the Lot as a Specific Assessment as provided herein.



21. Street Lighting. The Declarant reserves the right to subject the Residential Community to a contract with Brunswick Electric Membership Cooperative (herein, "BEMC"), or its successors and assigns, for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment by each Owner.

22. Construction. Construction activity on a Lot shall be confined within the boundaries of said Lot. All rubbish and trash resulting from construction on a Lot shall be collected and disposed of by the Owner or the Owner's representatives. Upon Owner's failure to collect and dispose of such trash within fifteen (15) days after receipt of a written notice from Declarant, Declarant may collect and dispose of such rubbish and trash at the Owner's expense.

23. Mailbox. Each Lot in the Residential Community shall have only one (1) mailbox and one (1) paper box to be mounted on a single post, and all such boxes shall be as approved by Declarant. Such mailboxes or paper boxes may be provided by the Declarant or the builder. Any boxes provided by the builder shall be considered an improvement and must remain with the Lot. Owners shall maintain all such boxes so as to be neat and attractive in appearance.

24. Antennas. No outside radio or television antennas or receivers of any type shall be erected on any Lot or dwelling unit within the Residential Community, unless and until written permission for the same has been obtained from the Declarant. Declarant retains the right if it approves the erection of any antenna to specify the color, size and location of the antenna.

25. Future Development. Declarant is not liable and makes no representation as to the development of any other phase or section except the phase or section covered by the Declarations. Declarant may make changes in future sections of the Residential Community not subject to the Declarations, including, but not limited to, changes in design, type of structures, restrictions or character of section. All maps, brochures and plans are purely for planning and illustration purposes and are not to be relied upon as any promise or covenant of whatsoever kind or nature.

26. Driveway. Each Lot must have a paved driveway at a location approved by Declarant. Off-street parking for not less than two passenger automobiles must be provided on each Lot prior to the occupancy of any residence constructed on said Lot, which parking areas and the driveways thereto shall be constructed of concrete, asphalt, brick or landscape paving blocks. Only temporary parking shall be allowed on the streets of the Residential Community and only in designated areas and subject to the Rules and Regulations adopted by the Board.

27. Vehicles. No inoperable vehicle or vehicle without current registration and insurance, and no large vehicles or tractor-trailers will be permitted on any Lot or in the Residential Community. The Declarant shall have the right to have all such vehicles towed at the vehicle Owner's expense. No bus, van, school bus, boat, boat trailers, recreational vehicle, or vehicle larger than 3/4 ton shall be parked, stored or kept in the Residential Community. Boats and recreational vehicles shall be kept inside a storage building or within a fenced area in the back yard of a Lot so as to be not visible from the street.

28. Signs. No signs (including "For Rent", "For Sale", and other similar signs) or property identification signs shall be erected or maintained on any Lot except with the express written permission of the Declarant, its successor or assigns, except as may be required by legal proceedings; provided, however, that the Declarant or its agents may place "For Sale" or "For Rent" signs on any Lots for sale or rent, and in suitable places on the Common Area approved by the Association; and provided, however, that during the development of the Property and the initial marketing of Lots, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable governmental laws or regulations. Such permitted signs shall be placed in the approximate center of a lot and six feet from the road curb. No sign shall be nailed to trees.

29. Alterations. No person shall undertake, cause or allow any alteration of construction in or upon any portion of the Common Area except at the direction or with the express written consent of the Association.

30. Offensive and Illegal Activities. No immoral, illegal, noxious or offensive activity or situation shall be carried on or maintained on any Lot or within any residence or structure located on a Lot, nor shall any use be made of any Lot which may cause embarrassment, discomfort, annoyance or nuisance to the Association, the Declarant or any Owners. There shall not be maintained any activity, device or anything of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. All laws, orders, rules, regulations, ordinances or requirements of any government agency having jurisdiction over the Residential Community or any Owner shall be obeyed.

31. Commercial Activities. No business, trade, profession, commercial activity, yard sale, garage sale, moving sale, rummage sale, or similar activity for profit or financial gain (herein, "Business"), may be conducted on an undeveloped Lot or on the exterior of any residence or structure located on a Lot. An Owner or occupant may conduct a Business within any residence or structure located on a Lot, only so long as: (i) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the residence or structure in which it is conducted; (ii) the activity does not involve regular visitation of the Lot by clients, employees, agents, customers, suppliers, or other business invitees; (iii) the activity does not involve door-to-door solicitation of residents of the Residential Community; and (iv) the activity is consistent with the residential character of the Residential Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Residential Community, as may be determined in the sole discretion of the Board.

32. Lot Clearing. No lot may be clear cut or substantially cleared without the written consent of the Committee, as defined in Article VIII herein. In no event may any tree with a diameter in excess of eight (8) inches measured at the base of the trunk at ground level be cut without the written consent of the Committee. The Committee may impose a fine in the amount of \$200.00 for each tree cut in violation of this provision.

33. Stormwater Management: All Lots shall be subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules are amended from time to time (the "Stormwater Regulations"). The covenants in this Section 33 of Article VII are intended to ensure compliance with State Stormwater Management Permit Number SW8 070716 applicable to the Property (the "Stormwater Management Permit"), issued by the State of North Carolina, Division of Water Quality, or its successor agency, under NCAC 2H.1000, as in force now or in the future. The Stormwater Management Permit and the Stormwater Regulations currently provide:

a. Each Lot shall be subject to the requirement that the allowable built-upon area per Lot shall be limited to 4000 square feet of impervious surface, inclusive of right-of-way structures, pavement, walkways or patios of brick, stone, or slate, but not including wood decking. The covenants in this Section 33 of Article VII cannot be changed or deleted without consent of the State of North Carolina.

b. The covenants in this Section 33 of Article VII will be binding on all Owners, and all persons claiming under them, shall be appurtenant to and run with the land, and may be enforced by the State of North Carolina. The State of North Carolina is made a beneficiary of the covenants in this Section 33 of Article VII to the extent necessary to maintain compliance with the Stormwater Management Permit.

c. Notwithstanding any other provisions in this Declaration, the covenants in this Section 33 of Article VII may not be altered or amended without the express written consent of the State of North Carolina, Division of Water Quality, or its successor agency. Without limiting the foregoing, Declarant hereby reserves the right to impose additional restrictions upon the Properties as and to the extent required by the terms of the stormwater permit for the Residential Community as issued by the State of North Carolina. Such additional restrictions may be imposed by Declarant by the recording of a Supplemental Declaration, and no joinder or consent of the Association or any other Owner or Person shall be required for such Supplemental Declaration.

d. Alteration of the drainage as shown on the approved Stormwater Management Permit may not take place without the concurrence of the State of North Carolina, Division of Water Quality, or its successor agency.

e. All runoff from the built-upon areas on each Lot must drain into the permitted system. This may be accomplished through providing roof drain gutters which drain to the street, grading the Lot to drain toward the street, or grading perimeter swales to collect Lot runoff and directing them into the stormwater system or into the street. Lots that will naturally drain into the system are not required to provide these additional measures.

34. Property Damage. Owners shall be responsible for any damage done to any streets, roadways, accessways, curbing, street gutters, sidewalks, Common Areas or property of other Owners within the Properties which may be caused by any Owner, his agents, contractor or its subcontractor lessees, employees, guests, licensees or invitees. The Association shall have

the authority to assess any Owner for such damage and such charge shall be a Special Assessment against the Owner and his Lot(s) in accordance with Article VI herein.

35. Road Use. The roads are to be used by vehicles or pedestrians for the purposes of transportation. At no time shall any vehicle exceed the speed limit as determined by the Association or the applicable governmental authority. No permanent, frequent, or long-term parking is permitted along or on major roads and promenades except in specifically designated areas. No permanent or temporary structures, including, but not limited to portable basketball and soccer goals, which impede in any way the use of the roads by vehicular or pedestrian traffic, shall be maintained on, in or adjacent to the roads. The Association is authorized to adopt reasonable rules and regulations regarding the supervision, maintenance, control, regulation and use of the roads and promenades, and to enforce the same in any lawful manner which may include, but not be limited to, the imposition of fines for violations thereof, which fines shall be Specific Assessments. Any roads within the Subdivision which are not dedicated for use by the public and accepted by the North Carolina Department of Transportation, shall be private streets and shall be designated as Common Area as provided herein and maintained by the Association. As provided in Article IX herein, all of the Owners have easements in order to travel over and across these roadways. As private roads, and not public roads, the responsibility for maintenance of these roads will be upon the Owners through the Association and assessments, although Declarant shall maintain and improve said roadways to the extent it deems appropriate prior to turning over this responsibility to the Association. No representation is made that construction of these roadways is or will be sufficient to be included in the state secondary road system or that Brunswick County or the State of North Carolina would eventually assume maintenance of this roadway. Notwithstanding the foregoing, Declarant reserves the right but not the obligation to dedicate any or all of the roads to Brunswick County or the State of North Carolina.

36. Recreational Pathways. Recreational pathways within the Residential Community may be used only by bicycles, pedestrians, and pedestrian moving devices which are quiet and otherwise satisfy the requirements of this section. "Pedestrian moving devices" used within the Residential Community shall not exceed the size of a standard golf cart. Persons using pedestrian moving devices upon wooden structures within the Residential Community do so at their own risk; Declarant makes no representation of the weight limitations of any such wooden structure and assumes no liability for the operation of any vehicle or device upon such structures. The Association is authorized to adopt reasonable rules and regulations regarding the supervision, maintenance, control, regulation and use of the recreational pathways within the Residential Community, and to enforce the same in any lawful manner which may include, but not be limited to, the imposition of fines for violations thereof, which fines shall be Specific Assessments.

Article VIII

ARCHITECTURAL CONTROL

1. General.

a. No structures, buildings, improvements or construction, which shall include within its definition, clearing, grading, excavation and other sitework, shall be

commenced, erected, or maintained upon any Lot or the Properties, nor shall any exterior addition to or change or alteration therein (including, without limitation, any change of color) be made, except in compliance with this Article VIII and the Design Guidelines, nor shall any such work commence until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee according to the provisions of Section 10.2 of Article VIII herein. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, tree house, playhouse, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

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

c. This Article VIII shall not apply to the activities of the Declarant, or to improvements to the Common Area by or on behalf of the Association.

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

2. Architectural Review.

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

b. The Committee shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all construction on any portion of the Properties. During the Class "B" Control Period, the Declarant retains the right to appoint all members of the Committee who shall serve at the Declarant's discretion. Upon the expiration of such period, the Board shall appoint the members of the Committee, who shall serve and may be removed in the Board's discretion.

3. Design Guidelines. The Declarant shall prepare the initial Design Guidelines and application and review procedures which shall apply to all construction activities



within the Properties. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, and intended use. The Committee shall adopt such Design Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them subject to the approval of the Board of Directors. The Committee shall make the Design Guidelines available to Owners who seek to engage in development or construction within the Properties and all such Persons shall conduct their activities in accordance with such Design Guidelines.

4. Submission of Plans and Specifications.

a. No construction or improvements, as defined herein, shall be commenced, erected, placed or maintained on any Lot, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening shall have been submitted to and approved in writing by the Committee. The Design Guidelines shall set forth the procedure for submission of the Plans. A reasonable fee for the review of said plans shall be required and submitted, along with said Plans and any other supporting documents required by Committee and the Board may require a deposit to be posted prior to the commencement of any construction or work, which sum shall be used to collect any fees, fines or penalties incurred during construction or work. Any sums remaining at the completion of construction shall be returned to the Owner.

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

c. The Association shall have the right to refuse to approve any plans and specifications or grading plans which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons. In so approving such plans, specifications and grading plans, the Association shall consider the suitability of the proposed building, improvements, structure, or landscaping and the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect thereof on the adjacent or neighboring property.

d. No bulldozing or clearing of trees or excavation of lakes or ponds shall be commenced until the plans, specifications and grading plans showing the nature, kind, shape and location of work to be done shall have been submitted to and approved in writing by the Association and a copy thereof, as finally approved, filed permanently with the Association.

e. The Committee shall, within 30 days after receipt of each submission of the Plans, advise the party submitting the same in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or

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

f. If construction does not commence on a project for which Plans have been approved within nine (9) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

g. Once construction has been initiated on a Lot, the Owner thereof must complete such construction within ten (10) months. If an Owner does not comply with such schedule, then Declarant, the Board and the Association shall each have the right (but not the obligation) to complete such construction on Owner's behalf and at such Owner's expense. In the event the Declarant, the Board or the Association exercises the right provided in the immediately preceding sentence, then Declarant, the Board and/or the Association (as the case may be) shall be entitled to collect from such Owner, in addition to a reimbursement of all costs expended in the completion of construction of the Lot, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in completing the work. Any and all of the foregoing costs and fees that may be incurred by or payable to Declarant, the Board and/or the Association shall be a charge and continuing lien upon such Lot until paid, and Declarant, the Board and/or the Association may bring an action against such Owner, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount payable to Declarant, the Board and/or the Association.

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

6. Variance. The Committee may authorize in its discretion reasonable variances or adjustments from compliance with any of its guidelines and procedures in order to alleviate practical difficulties and hardship in their enforcement and operation. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; or (b) stop the Committee from denying a variance in other circumstances. Any such variances shall not violate the spirit or the intent of this document to

create a subdivision of Lots owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

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

8. Enforcement. This Article VIII shall be enforced as provided herein.

a. Any structure or improvement placed or made in violation of this Declaration shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, then Declarant, the Board and the Association shall each have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Lot's Owner and the benefited Lot and collected as an Individual Assessment. In the event the Declarant, the Board and/or the Association exercises any right provided above in this Section 8.a., then Declarant, the Board and/or the Association (as the case may be) shall be entitled to collect from the relevant Owner, in addition to a reimbursement of all costs expended in the removal of the violation and/or the restoration of the property, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in performing the work.

b. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article VIII and the Design Guidelines may be excluded by the Board from the Properties. In such event, none of the Association, its officers, or its directors shall be held liable to any Person for exercising the rights granted by this paragraph.

c. The Association shall have the authority to establish fines for violations of this Article VIII and the Design Guidelines, including fines for continuing violations. The fine amounts may be deducted from any bond posted. If the fines are not paid, the Association may establish a Specific Assessment against the defaulting Owner and his or her Lot, in accordance with the provisions of Article VI.

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



Article IX

EASEMENTS

1. Easements for Utilities. There are hereby reserved unto Declarant, so long as the Declarant owns any of the Property, the Association, and the designees of each, access and maintenance easements upon, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any cable television system, any master television antenna system, irrigation systems, any security and similar systems, roads, walkways, bicycle pathways, recreation pathways, trails, ponds, lakes, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, garbage pickup, and electricity, irrigation and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes in these Declaration or on recorded plats of the Properties. Any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement rights. Utilities may not be installed or relocated on the Properties, except as approved by the Board or Declarant.

2. Easement for Utility Installation.

a. All of the Property, including Lots and Common Area, shall be subject to a perpetual non-exclusive easement for water lines, sanitary sewers, storm drainage facilities, telephone and electric power lines, television antenna lines, and other public utilities as shall be established by the Declarant as may hereinafter be designated on any plat or replat of parcels within the Residential Community whether the same be within the boundaries of any Lot(s).

b. Easements and rights of way over and upon the rear, front and side ten (10) feet of each Lot for drainage and the installation and maintenance of utilities and services, including, without limitation, water, sewer, drainage and stormwater runoff facilities, are reserved to Declarant and its successors and assigns for such purposes as Declarant may deem incident and appropriate to its overall development plan. If the side set back is less than 10 feet then the reserved easement shall be the width of the setback. The easements and right of way areas reserved by Declarant on each Lot pursuant hereto shall be maintained continuously by the Owner, but no structures or plantings or other material shall be placed or permitted or remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Improvements within such areas also shall be maintained by the respective Owner except those for which a public authority or utility company is responsible. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary in the opinion of the Declarant to provide an economical and safe installation. The Declarant shall have no maintenance responsibilities for such easement areas.



c. The Declarant reserves a perpetual, non-exclusive easement for the installation, operation, maintenance and repair of water, sewer, drainage and all other utilities within the right of way of all roads and streets and other areas designated for utility easements as shown on the recorded plats of the Property, which easement may be exercised by Declarant or any public or private entity charged with the responsibility of installation, operation, maintenance and repair of said utility systems.

d. The Association hereinafter may grant easements for utility purposes for the benefit of the Properties and the Lots now or hereafter located thereon, over, under, along and through the Common Areas. Provided, however that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Lot.

3. Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of any property which may be annexed to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

4. Easements for Cross-Drainage.

a. Every Lot and the Common Area shall be burdened with easements for drainage of water runoff from other portions of the Properties; provided, no Lot Owner shall alter the drainage on any Lot so as to materially increase the drainage of water onto adjacent portions of the Properties without the consent of the Owner of the affected property.

b. The Properties are burdened with a permanent and right to use easement for the benefit of the Declarant and its successors and assigns, for the stormwater runoff and drainage facilities located on the Properties, including, without limitation, any stormwater retention ponds or ditches. This easement includes the right to drill, install, locate, maintain and use pipes, conduits and pumps running to the stormwater retention ponds and other related facilities located on the Properties.

5. Power to Grant Easements. Subject to the requirements of the Planned Community Act, the Association shall have the power and authority to grant and to establish in, over, upon and across the Common Area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the property.

6. Easement for Entry. The Association have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance pursuant to this Declaration, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, the Articles, By-Laws, and the Rules and Regulations, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of



entry shall include the right of the Association to enter upon any Lot to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

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

8. Easement for Irrigation.

a. There is hereby reserved for the benefit of the Declarant, the Association, and their successors and assigns, a permanent exclusive easement and right (1) to pump water from the lakes, ponds, waterways, basins, water table, wells, water dependant structures and other bodies of water located in, on or under the Properties for the purpose of irrigating any portion of the Properties, and (2) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Areas and/or lands within the Properties owned by the Declarant. The pumping or other removal of any water from any lake, pond, or body of water wholly or partly within the Properties, for any purpose other than fire fighting and as provided herein is prohibited without express written permission of the Declarant and/or the Association.

b. The Property is hereby burdened with a permanent, exclusive easement in favor of the Declarant and its successors and assigns, for overspray and/or surface or sub-surface flow of water from any irrigation system serving the Properties. Under no circumstances shall the Declarant or the Association be held liable for any damage or injury resulting from said water, or the exercise of this easement.

9. Easements for Owner's Ingress and Egress. Every Owner, and his or her heirs, successors, assigns, guests and licensees, shall have a perpetual easement and right of ingress and egress over and across any of the roads and sidewalks located or to be located within the Properties, as shown on any recorded plats of the Property, for the purpose of providing vehicular and pedestrian access to and from the Properties. Notwithstanding the foregoing, Declarant shall be entitled to restrict access on certain roads and sidewalks in Declarant's discretion. Accordingly, the use of such roads and sidewalks shall be subject to applicable Rules and Regulations.

10. Easement for Pathways. Each Owner, and their authorized guests or invitees, shall have a perpetual, non-exclusive easement for the use and enjoyment of bicycle paths, pedestrian paths, or nature preserve trails, if any, which may be established by the

Declarant. Notwithstanding the foregoing, Declarant shall be entitled to restrict access to the aforementioned improvements and amenities in Declarant's discretion. Accordingly, the use of such improvements and amenities shall be subject to applicable Rules and Regulations.

11. Common Area Easement.

a. Every Owner of a Lot within the Properties, as an appurtenance to such Lot, shall have a perpetual easement over and upon the Common Areas within the Properties for each and every purpose or use to which such Common Areas were intended as determined by their type, or for which such Common Areas generally are used, including, but not limited to, easement of access, maintenance, repair or replacement of the Common Areas. Such easements shall be appurtenant to and shall pass with the title to every Lot located within the Properties, whether or not specifically included in a deed thereto.

b. An exclusive easement is hereby established in favor of Declarant over all Common Areas for access to adjacent properties for the purposes of future development and the installation of streets and public utilities.

12. Easements Run with the Land. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on all undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the benefit of and be binding on the undersigned, its successors and assigns, and any Owner, purchaser, Mortgagee and other person having an interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement is made in the respective deeds of conveyance, or in any Mortgage or trust deed or other evidence of obligation, to the easements and rights described in these Declaration.

Article X

COMPLIANCE AND ENFORCEMENT

1. Enforcement. The Association, the Declarant and any aggrieved Owner shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions contained in the Declaration, the Articles, the By-Laws, the Design Standards, and/or the Rules and Regulations of the Association, as amended from time to time, or any applicable legal requirement or responsibility.

2. Remedies. In addition to any other remedy that might be available to enforce any provision of this Declaration, the Articles, the By-Laws or the Rules and Regulations, then the Association shall have the right to remedy any violation or to enforce any applicable provision of this Declaration, the Articles, the By-Laws or the Rules and Regulations, including but not limited to the right to place any Lot in compliance therewith, and assess the costs of remedying same against the offending Owner as a Specific Assessment as provided herein and may be enforced by the Association in accordance with this Declaration.

3. Suspension of Rights. For any failure by an Owner to comply with any applicable provision of this Declaration, the Articles, the By-Laws or the Rules and Regulations, including, but not limited to, the nonpayment of any Annual, Special or Specific Assessment (a "Violation") , the Association shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his or her agents, lessees, employees, licensees and invitees of the Common Areas and recreational facilities in Seabrooke for any period during which a Violation continues, except that such penalties may not be for more than sixty (60) days for violation of any of the Association's published Rules and Regulations.

4. Fines. The Association may establish in the Rules and Regulations a schedule of fines for any Violation. If an Owner does not pay a fine imposed by the Association within 15 days of notification as provided by the Rules and Regulations, the fine may be assessed by the Association as a Specific Assessment against the offending Owner as a Specific Assessment as provided herein, and may be enforced by the Association in accordance with this Declaration.

5. Remedies Cumulative. The remedies provided by this Article X are cumulative, and are in addition to any other remedies provided at law or in equity.

6. No Waiver. The failure of the Association or any person or Owner to remedy any Violation or to enforce any provision of this Declaration, the Articles, the By-Laws or the Rules and Regulations, shall not be deemed a waiver of the right to do so thereafter.

Article XI

CONDEMNATION

1. If any part of the Common Area shall be taken (or conveyed in lieu of condemnation by the Board acting on a vote of at least 67% of the total Class "A" votes in the Association and subject to the approval of the Declarant, as long as the Declarant owns any of the Property) by any authority having the power of condemnation or eminent domain.

2. If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available and practicable, unless within 60 days after such taking, upon a vote at least 67% of the total Class "A" Members of the Association and subject to the approval of the Declarant, so long as the Declarant owns any of the Property, the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of the By-Laws regarding funds for the repair of damage or destruction shall apply.

Article XII

MORTGAGEE PROVISIONS

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

2. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response within thirty (30) days of the mailing of such request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Article XIII

DECLARANT'S RIGHTS

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

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

3. Rights to Alter. The rights reserved by Declarant herein include the right to change, alter or designate Lot(s), roads, utility and drainage facilities and easements, and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment of the Declarant, be necessary or desirable. The rights reserved in this Section specifically include the right of Declarant to redesignate, change, or alter any platted Lot(s) into road(s).

Article XIV

DURATION, AMENDMENT AND TERMINATION

1. Lots, Persons and Entities Subject to the Declaration, Duration and Termination. All present and future Owners, tenants, and occupants of Lots and their guests or

invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in this Declaration, and as the Declaration may be amended from time to time. The Acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Declaration. The covenants, conditions, restrictions, and affirmative obligations of the Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date the Declaration is recorded in the Brunswick County Registry, after which date the Declaration shall be extended for successive periods of forty (40) years, unless the Declaration is terminated as provided in the Planned Community Act (provided that, during the Class "B" Control Period, any termination shall also require the consent of Declarant). The covenants, restrictions, conditions and affirmative obligations of these Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any of the Properties as though such provision were made a part of each and every deed of conveyance or lease.

2. Amendment. In addition to any other rights of amendment reserved or allowed by any other provision of this Declaration or by the Planned Community Act, as long as Declarant owns any of the Property, this Declaration may be amended by Declarant in its discretion, except as otherwise specifically provided in Section 5 of Article III and Section 33 of Article VII of this Declaration. Retention and exercise of this right by the Declarant is not intended to affect the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development and to bring the Property into compliance with said common scheme of development and/or the Community Wide Standard. Thereafter, the Declaration may be amended by vote of not less than sixty-seven percent (67%) of the Class "A" Members, and an instrument must be recorded at the Brunswick County Registry for such an amendment to be effective. In addition, the Declarant may amend the Declaration to annex additional property and make it subject to the terms, conditions, restrictions, obligations and covenants of this Declaration as provided herein. No amendments may remove, revoke, or modify any benefit, right or privilege of the Declarant hereunder without the written consent of the Declarant or the assignee of such right or privilege.

3. Stormwater Restrictions. Notwithstanding any provision in this Article XIV to the contrary, any amendment to the Declaration for the purpose of bringing the Residential Community into compliance with the Stormwater Regulations shall be subject to the provisions of Section 33 of Article VII herein.

Article XV

GENERAL PROVISIONS

1. Common Area and Amenities. All of the Common Area and any other park, recreation area, recreation facility, dedicated access or other amenity appurtenant to the Properties, whether or not shown and delineated on any recorded plat of the Properties, shall be



considered private and for the sole and exclusive use of the Owners of Lots within the Properties. Neither Declarant's execution nor the recording of any plat nor any other act of Declarant with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities, or amenities.

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

3. Severability. Invalidation of any one of these covenants or restrictions by judgment or any court, agency or legislative order shall in no way affect any other provision, covenants, conditions or restrictions contained in this Declaration.

4. Captions. The captions preceding the various Articles of this Declaration are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of this Declaration. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

5. Delegation of Rights. The Declarant may from time to time delegate any or all of its rights, powers, discretion and duties hereunder to such agent or agents as it may nominate. It may also permanently assign any or all of its powers and duties (including discretionary powers and duties) obligations, rights, title, easements and estates reserved to it by this Declaration, to any one or more corporations, associations, or persons that will accept the same. Any such agreement shall be in writing recorded among the land records of Brunswick County, and the assignee shall join therein for the purpose of evidencing its acceptance of the same, and such assignee shall thereupon have the same rights, title, powers, obligations, discretion and duties as are herein reserved to the Declarant, and the Declarant shall thereupon be released therefrom.

6. Notice by Electronic Means. Any written notice required to be provided pursuant to the Declaration, the Articles, the Bylaws, the Design Guidelines, and/or the Rules and Regulations of the Association (each a "Governing Document") may be provided in accordance with the provisions of the applicable Governing Document. Alternatively, and to the extent permitted by North Carolina law, written notice may be provided by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member or other Person designated as a recipient of said notice. Permitted notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

7. Conflicts with the Planned Community Act. To the extent any provision of this Declaration is directly inconsistent with the terms of the Planned Community Act and such provision of this Declaration cannot reasonably be reconciled with said Planned Community Act, the provisions of the Planned Community Act shall be controlling with regard to such term.

IN TESTIMONY WHEREOF, the Declarant has caused this instrument to be signed in its name by its duly authorized officers, the day and year first set out above.

HOLLY TREE INVESTMENTS, LLC
a North Carolina limited liability company

By:



(SEAL)

Name: Ernest Deans Hackney, Jr.

Title: Executive Manager

NORTH CAROLINA

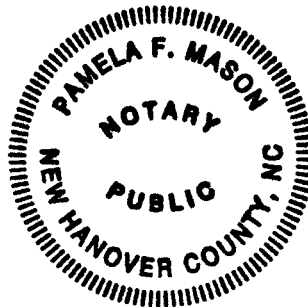
COUNTY OF New Hanover
(county where acknowledgement taken)

I, Pamela F. Mason, a Notary Public of New Hanover County, North Carolina, certify that Ernest Deans Hackney, Jr. personally came before me this day and acknowledged that he is Executive Manager of **Holly Tree Investments, LLC**, a North Carolina limited liability company, and that by authority duly given, the foregoing instrument was signed in its name by its Executive Manager on behalf of the limited liability company.

WITNESS my hand and official seal this 30th day of March, 2009.

Pamela F. Mason
Notary Public

My commission expires: 10-26-11





SIGNATURE HOMES OF WILMINGTON, INC.,
a North Carolina corporation

By:

(SEAL)

Name: Ernest Deans Hackney, Jr.
Title: President

NORTH CAROLINA

COUNTY OF New Hanover
(county where acknowledgement taken)

I, Pamela F. Mason, a Notary Public of New Hanover
County, North Carolina, certify that Ernest Deans Hackney, Jr. personally came before me this
day and acknowledged that he is President of **Signature Homes of Wilmington, Inc.**, a North
Carolina corporation, and that by authority duly given and as the act of the corporation, the
foregoing instrument was signed in its name by its President.

WITNESS my hand and official seal this 30th day of March, 2009.

Pamela F. Mason
Notary Public

My commission expires: 10-26-11

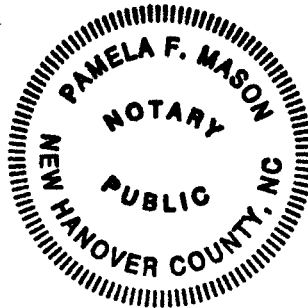


EXHIBIT A

Legal Description

BEING ALL the property as shown on map entitled "Final Plat (Re-Recording) Seabrooke Subdivision Phase 1", recorded in Map Cabinet 51, Pages 80 thru 86 of the Brunswick County Registry. Reference to said map is hereby made for a more particular description.



CONSENT OF MORTGAGEE

BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation, is the holder of that certain Deed of Trust on the property as described in the foregoing Declaration of Covenants, Conditions and Descriptions for Seabrooke (herein called, "Declaration"), said Deed of Trust having been filed in Book 2398 at Page 548, in the Office of the Register of Deeds of Brunswick County, and as holder of said Deed of Trust does hereby consent to the terms, conditions and covenants in the Declaration and agrees that the lien of said Deed of Trust is subject to the terms, conditions and covenants contained in said Declaration.

In witness whereof, **BRANCH BANKING AND TRUST COMPANY** has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 30 day of March, 2009, and **BB&T COLLATERAL SERVICE CORPORATION**, as Trustee, has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 30 day of March, 2009.

BB&T COLLATERAL SERVICE CORPORATION

BY: [Signature]
NAME: E. PHILLIP MARION, JR.
ITS: [Signature]

BRANCH BANKING AND TRUST COMPANY

BY: [Signature]
NAME: DAVID A. BARNES
ITS: SALE President

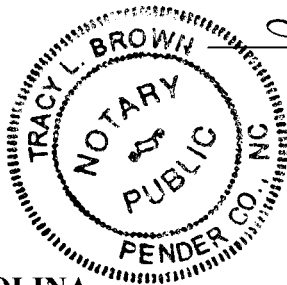


STATE OF NORTH CAROLINA

COUNTY OF Pender

I, Tracy L. Brown, a Notary Public certify that C. Philipmarie Jr. personally came before me this day and acknowledged that he/she is Sc. vice President of **BB&T COLLATERAL SERVICE CORPORATION**, and that he/she, as Sc. vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal this 30 day of March, 2009.



Tracy L. Brown
Notary Public

My commission expires:

5/14/2010

STATE OF NORTH CAROLINA

COUNTY OF Pender

I, Tracy L. Brown, a Notary Public certify that Brett A. Barnes personally came before me this day and acknowledged that he/she is Sc. vice President of **BRANCH BANKING AND TRUST COMPANY**, and that he/she, as Sc. vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal this 30 day of March, 2009.

Tracy L. Brown
Notary Public

My Commission expires:

5/14/2010

