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MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR



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This Document Regulates or Prohibits the Display of Political Signs, the Flag of the United States of America and/or the State of North Carolina. (But see Section 3.4(b) which permits all Owners to display an American and/or North Carolina flag 4'x6' or smaller.)



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**Master Declaration Of Covenants, Conditions and Restrictions
For
Compass Pointe**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COMPASS POINTE (this "Declaration") is made this 23rd day of October, 2008, by YDV, Inc., a corporation incorporated and existing under the laws of the state of North Carolina ("Declarant").

**Article I
Creation of the Community**

1.1. Purpose and Intent.

Declarant, as the developer of the real property described in **Exhibit "A,"** which is attached hereto and incorporated herein by reference, intends by Recording this Declaration to establish a general plan of development for the planned community known as Compass Pointe. Compass Pointe may be developed as a residential development allowing single family and multi-family residential, rental apartments (only if operated by Declarant or its assigns), recreational and other uses. This Declaration provides a flexible and reasonable procedure for Compass Pointe's future expansion and provides for its overall development, administration, maintenance and preservation. An integral part of the development plan is the creation of Compass Pointe Master Association, Inc., a master association comprised of all owners of residential real property in Compass Pointe, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

Any or all of the real property described in **Exhibit "B,"** which is attached hereto and incorporated herein by reference, may be subjected to the provisions of this Declaration pursuant to Article IX, but no such property is required to be subjected to this Declaration. Any or all of the property described in **Exhibit "B"** or any other property (including without limitation, portions of the property described in **Exhibit "A"**, if withdrawn from this Declaration as provided in Section 10.1) may not be subject to this Declaration but may be developed as Compass Pointe Commercial Property and may be subject to Compass Pointe Commercial Covenants and/or one or more Cost Sharing Agreements, as defined herein.

1.2. Binding Effect.

All property described in **Exhibit "A,"** and any additional property which is made a part of Compass Pointe in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property, and to the provisions of the North Carolina Planned Community Act. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of Compass Pointe, their heirs, successors, successors-in-title, and assigns.

This Declaration, as it may be amended, shall remain in effect and shall be enforceable by Declarant, the Master Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is Recorded. After



such time, this Declaration shall be extended automatically for successive periods of ten (10) years each, unless an instrument signed by eighty (80%) of the then Owners has been Recorded within the year preceding any extension, agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents.

Compass Pointe's Governing Documents consist of this Declaration and any applicable Supplemental Declaration(s), the By-Laws, the Articles, the Architectural Design Standards, the Restrictions and Rules, Board resolutions and Recorded plats of Compass Pointe, all as they may be amended from time to time.

Some Neighborhoods within Compass Pointe may be subject to additional covenants, restrictions and easements, which a Neighborhood Association may administer. In such case, if there is a direct conflict between or among the Governing Documents and any such additional covenants or restrictions, or the governing documents or policies of any such Neighborhood Association, the Governing Documents shall control.

Nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of Compass Pointe from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration and, in such case, the more restrictive shall control. The Master Association may, but shall not be required to, enforce any such covenants, restrictions or other instruments applicable to any Neighborhood.

The Governing Documents apply to all Owners and occupants of property within Compass Pointe, as well as to their respective tenants, guests and invitees. If a Unit is leased, the lease shall provide that the tenant and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents.

If any court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

**Article II
 Concepts and Definitions**

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Architectural Design Standards": The guidelines and standards for architecture, design, construction, landscaping and exterior items on Units adopted pursuant to Article IV, as they may be amended from time to time and as they may vary among Neighborhoods.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Master Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, or agreements.

"Articles": Compass Pointe Master Association, Inc.'s Articles of Incorporation, filed with the North Carolina Secretary of State, as they may be amended from time to time.

“Base Assessment”: Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Article VIII.

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

“Builder”: Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within Compass Pointe for further subdivision, development, and/or resale in the ordinary course of its business.

“By-Laws”: The By-Laws of Compass Pointe Master Association, Inc., as they may be amended. A copy of the initial By-Laws is attached to this Declaration as **Exhibit “D.”**

“Class “B” Control Period”: The period of time during which the Class “B” Member is entitled to appoint the members of the Board, as provided in the By-Laws. The Class “B” Control Period shall terminate on the first to occur of the following:

(a) when 80% of the total number of Units permitted by the Master Plan for the property described in **Exhibit “A”** and **Exhibit “B”** have certificates of occupancy issued thereon and have been conveyed to Class “A” Members other than Builders;

(b) December 31, 2064; or

(c) when, in its discretion, the Class “B” Member so determines and declares in an instrument Recorded in the Register of Deeds of Brunswick County, North Carolina.

“Common Area” or **“Common Element”**: All real and personal property, including easements and private streets and roads, which either (i) the Master Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners and/or (ii) Declarant has designated or designates in the future for the common use and enjoyment of the Owners, including areas labeled as “Common Area,” “Common Element,” and “Open Space” on a subdivision plat or in any other instrument Recorded by Declarant. The terms shall include the Limited Common Area, as defined below.

“Common Expenses”: The actual and estimated expenses incurred, or anticipated to be incurred, by the Master Association for the general benefit of all Owners (including but not limited to expenses payable by the Master Association pursuant to any Master-Cross Access Easement), together with any allocation to reserves, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Class “B” Control Period for initial development or other original construction costs unless Voting Members representing a majority of the total Class “A” vote of the Master Association approve. Payments due under leases of capital improvements such as street lights shall not be considered an initial development or original construction cost.

“Community-Wide Standard”: The standard of conduct, maintenance, or other activity generally prevailing at Compass Pointe, or the minimum standards established pursuant to the Architectural Design Standards, Restrictions and Rules, and Board resolutions, whichever is a highest standard. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Compass Pointe change.



“Compass Pointe”: The real property described in **Exhibit “A,”** together with such additional property as is subjected to this Declaration in accordance with Article IX.

“Cost Sharing Agreement”: Any agreement, contract, or covenant between the Declarant (and/or the Master Association) and an owner of, operator of, or property association having jurisdiction over property within, adjacent to, or in the vicinity of Compass Pointe (including, without limitation, any Private Amenity) pursuant to this Declaration, creating easements, rights, or obligations for the benefit of the Master Association and/or the present and future owners of the subject real property and providing for the sharing of the expenses of the same, including but not limited to any costs of maintaining property described in that document with adjacent properties.

“Declarant”: YDV, Inc., a North Carolina corporation, or any successor or assign who: 1) takes title to any portion of the property described in **Exhibit “A”** or **Exhibit “B”** for the purpose of development and/or sale and 2) who or which is specifically granted some or all of Declarant’s rights pursuant to a recorded instrument executed by the immediately preceding Declarant.

“Governing Documents”: A collective term referring to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, the Architectural Design Standards, the Restrictions and Rules, Board resolutions, and Recorded plats of Compass Pointe, as any one or more of which may be amended from time to time.

“Limited Common Area”: A portion of the Common Area primarily benefiting one or more, but less than all, Units or Neighborhoods, as more particularly described in Article XII.

“Master Association”: Compass Pointe Master Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

“Master Plan”: Collectively, the “Master Land Use Plan of Compass Pointe East” prepared by Cape Fear Engineering and approved on December 10, 2007 by the Planning Board of Brunswick County and the “Master Land Use Plan of Compass Pointe West” prepared by Cape Fear Engineering and approved on April 9, 2007 by the Planning Board of Brunswick County, as the same may be amended from time to time. The Master Plan is not required to be Recorded. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property from the Master Plan bar its later submission to this Declaration as provided in Article IX.

“Member”: A Person subject to membership in the Master Association pursuant to Section 6.2.

“Mortgage”: A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. The term **“Mortgagee”** shall refer to a beneficiary or holder of a Mortgage; and the term **“Mortgagor”** shall refer to any Person who gives a Mortgage.

“Neighborhood”: A group of Units specifically designated by Declarant as a separate Neighborhood pursuant to Section 6.4 for purposes of sharing Limited Common Areas and/or receiving other benefits or services from the Master Association which are not provided to all Units, and/or for the purpose of electing Voting Members. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Master Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

“Neighborhood Assessments”: Assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

“Neighborhood Association”: A condominium master association or other owners’ master association, if any, having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Master Association. Nothing in this Declaration shall require the creation of any Neighborhood Associations. The creation of Neighborhood Association(s) shall require the consent of the Declarant as provided in Section 10.4.

“Neighborhood Expenses”: The actual and estimated expenses which the Master Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

“Owner”: One or more Persons who hold the record fee simple title to any Unit, including contract sellers, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

“Person”: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

“Planned Community Act” or “North Carolina Planned Community Act”: 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.

“Private Amenity” or “Private Amenities”: Certain real property and any improvements and facilities thereon designated by Declarant and located adjacent to, in the vicinity of, or wholly or partly within Compass Pointe, which are used for recreational and related purposes and are privately owned and operated by (i) Declarant, (ii) an affiliate of Declarant, or (iii) Persons other than the Master Association who are expressly designated by Declarant in a Recorded writing as having the Private Amenity rights provided in this Declaration. Private Amenities may be maintained on a club membership basis, daily fee, use fee, public, or private basis or otherwise, and may include, without limitation, any golf course(s), marina or beach club, if any, and all related and supporting facilities and improvements. Notwithstanding anything herein to the contrary, ownership of one or more Units in Compass Pointe shall not be deemed to imply any right to use or enjoy any Private Amenity.

“Record” “Recording” or “Recorded”: The filing of a legal instrument in the Brunswick County, North Carolina land records or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.

“Restrictions and Rules”: The initial restrictions and rules set forth in **Exhibit “C”** as they may be supplemented, modified, and repealed pursuant to Article III.

“Special Assessment”: Assessments levied in accordance with Section 8.4.

“Specific Assessment”: Assessments levied in accordance with Section 8.5.

“Supplemental Declaration”: An instrument Recorded pursuant to the terms of this Declaration which subjects additional property to this Declaration, designates Neighborhoods, and/or creates or imposes additional easements, restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument Declarant records pursuant to Section 6.4(c) which designates Voting Groups.

“Unit”: A portion of Compass Pointe, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to be a single Unit until such time as a Recorded plat subdivides all or a portion of the parcel. Thereafter, the portion encompassed on such plat shall contain the number of Units determined as set forth in the preceding paragraph. Any portion not encompassed on such plat shall continue to be treated in accordance with this paragraph.

“Voting Group”: One or more Voting Members who vote on a common slate for election of Board members, as more particularly described in Section 6.4(d) or, if the context so indicates, the group of Members whose Units are represented by such Voting Members.

“Voting Member”: The representative within each Neighborhood who will cast the Class “A” votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term “Voting Member” shall also refer to Alternate Voting Members acting in the absence of the Voting Member and any Owners authorized personally to cast the votes for their respective Units pursuant to Section 6.4(b). The Voting Member and Alternate Voting Member within each Neighborhood shall be determined in accordance with Section 6.4(b) of the Declaration.

Article III Use and Conduct

3.1. Framework for Regulation.

As part of the general plan of development for Compass Pointe, the Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions that govern Compass Pointe. Within that framework, the Board has the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article establishes the initial Restrictions and Rules set forth in **Exhibit “C”** and provides procedures for modifying and expanding said Restrictions and Rules. This Article is not intended to apply to rules and regulations relating to use and operation of the Common Area which the Board may adopt by resolution pursuant to Section 7.1(c), nor to administrative policies which the Board may adopt to interpret, define, or implement the Restrictions and Rules.

3.2. Rule Making Authority.

(a) Subject to the terms of this Article and the Board’s duty to exercise business judgment and reasonableness on behalf of the Master Association and its Members, the Board may modify, cancel, limit, create exceptions to, add to or expand the Restrictions and Rules. The Master Association shall

provide, without cost, a copy of the Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(b) Alternatively, Voting Members representing more than sixty-seven (67%) of the total Class "A" votes in the Master Association at a Master Association meeting duly called for such purpose, may vote to adopt rules that modify, cancel, limit, create exceptions to, add to or expand the Restrictions and Rules then in effect. Such action shall require approval of the Class "B" Member, if any.

(c) No action taken under this Article shall have the effect of modifying, repealing or expanding the Architectural Design Standards or any provision of this Declaration other than the initial Restrictions and Rules set forth in **Exhibit "C."** In the event of a conflict between the Architectural Design Standards and the Restrictions and Rules, the Architectural Design Standards shall control.

3.3. Owners' Acknowledgement and Notice to Purchasers.

All Owners are subject to the Restrictions and Rules and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board may add, delete, modify, create exceptions to, or amend the Restrictions and Rules in accordance with Section 3.2. By acceptance of a deed, each Owner acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by these provisions; that the Restrictions and Rules may change from time to time; and each Owner agrees to be bound thereby. All purchasers of Units are on notice that the Master Association may have adopted changes. Copies of the current Restrictions and Rules may be obtained from the Master Association.

3.4. Protection of Owners and Others.

Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Restrictions and Rules set forth in **Exhibit "C,"** all Restrictions and Rules shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; however, the Restrictions and Rules may vary by Neighborhood.

(b) Displays; Political Signs; Flags. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed inside dwellings located in single-family residential neighborhoods shall not be abridged, except that the Board may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. In addition, the Declarant, during the Class "B" Control Period and thereafter, the Board, may adopt reasonable rules and regulations consistent with the Community-Wide Standard regarding the placement of religious, holiday, or any other decorations outside of dwellings, including regulations concerning the time, place and manner in which such decorations may be displayed. Notice of any such rules and regulations shall be provided to each Member at his/her address as it appears in the Master Association's records.

The ARC (as defined in Section 4.2), shall have the authority to approve all signs to be erected on Units (other than interior dwellings but including interior signs that are visible outside) prior to installation and may impose size limits and other reasonable restrictions. No advertising signs, "For Sale" or "For Rent" signs, or billboards or other advertising structure(s) of any kind shall be erected on any Unit or displayed to the public on any Unit subject to these restrictions without prior written approval of the Declarant, during the Class B Control Period, and thereafter, the ARC. This covenant shall not apply to signs erected by the Declarant or its assigns, including signs used to identify and advertise the Properties



as a whole. Declarant or ARC has the right to enter upon any Unit and remove any unapproved sign(s). Without limiting the foregoing, the Declarant, Master Association shall issue guidelines from time to time outlining Compass Pointe's policy for the posting of "for sale" signs and similar temporary signs by or upon any Unit (which policy shall include the permitted dimensions and appearance of such signs and may even prohibit such signs altogether).

Notwithstanding anything to the contrary in the foregoing paragraph, and except as otherwise permitted by law, no rules shall regulate the content of political signs within Compass Pointe. To the extent permitted by law, rules may regulate the time, place and manner of posting such signs (including design criteria). With regard to the regulation of political signs, the Master Association, pursuant to both the rule-making authority established under Section 3.2 herein and the provisions of the North Carolina Planned Community Act, the Master Association may (i) prohibit the display of political signs earlier than forty-five (45) days before the day of an election and later than seven (7) days after an election day, and/or (ii) regulate the size and number of political signs that may be placed on a Unit (but only to the extent the Master Association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property). If the local government in which the applicable property is located does not regulate the size and number of political signs on residential property, the Master Association shall permit at least one (1) political sign with the maximum dimensions of 24 inches by 24 inches on a Unit. For the purposes of this paragraph, a "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. The provisions of this grammatical paragraph shall apply to Owners of property who display political signs on property owned exclusively by them and does not apply to Common Area, easements, rights-of-way, or other areas owned by others.

With regard to the regulation of flags, no outdoor statuary, flags or other decorative objects may be placed on any Unit unless it is in compliance with the Governing Documents, including the Architectural Design Standards. **Notwithstanding any other provision in this section, either the American Flag or the North Carolina flag having the maximum dimensions of four feet by six feet (4'x 6') 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, but no flagpoles shall be installed in any other locations on Owner's Units.** Any flags will be displayed in accordance with traditional rules and patriotic customs set forth in 4 U.S.C. §§5-10, as amended, governing the display and use of the American Flag. Declarant reserves the right to display the American Flag, the North Carolina flag, and/or Compass Pointe flags from flagpoles or otherwise on the Common Area or any other property owned by Declarant.

(c) Household Composition. No rule shall interfere with the Owners' freedom to determine the composition of their households, except that, to the extent permitted by law, the Master Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that, to the extent permitted by law, the Master Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Master Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Allocation of Burdens and Benefits. Nothing in this provision shall prevent the Master Association from changing the Common Area availability, from adopting generally applicable rules for

use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, behave unreasonably, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

(f) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Master Association or Board for leasing or transfer of any Unit; provided however, rentals of any Unit, other than Units owned or managed by the Declarant or its assigns, for a period of less than six (6) months are prohibited within Compass Pointe unless expressly authorized by, and then subject to such conditions as may be imposed by the Board of Directors. The Board may require that Owners use lease forms approved by the Master Association but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Master Association of administering that lease or transfer. So long as Declarant owns any of the real property described in **Exhibit "A"** or **Exhibit "B"** of the Declaration, Declarant may supplement, create exceptions to, or otherwise modify the terms of this subsection in order to reflect the different character and intended use of certain Neighborhoods or portions thereof within Compass Pointe. In such event, Declarant shall record a Supplemental Declaration describing said terms applicable to such Neighborhoods or portions thereof. The restrictions of this Section 3.4(f) shall not be construed to prohibit the short-term leasing or rentals of Units for the purposes of marketing such Units or other property in Compass Pointe for sale, although such activities shall be subject to such reasonable rules and restrictions as the Board may provide from time to time. The restrictions of this Section 3.4(f) shall also not be construed to prohibit short-term or long-term leasing or rentals of Units within any apartment, condominium or other development within Compass Pointe owned or managed by Declarant or its assigns.

(g) Reasonable Rights to Develop. No rule or action by the Master Association or Board shall unreasonably impede Declarant's right to develop Compass Pointe.

(h) Interference with Private Amenities. No rule or action by the Master Association shall interfere with the use or operation of any Private Amenity.

The limitations in subsections (a) through (h) of this Section shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XIX.

Article IV Architecture and Landscaping

4.1. General.

No structure or thing shall be placed, erected, installed, or maintained upon any Unit and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within Compass Pointe, except in compliance with this Article and the Architectural Design Standards. With regard to the provisions of this Article, the terms, "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, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery, or landscaping.

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. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of Compass Pointe shall be designed by and built in accordance with the plans and specifications of a licensed architect or a professional member of American Institute of Building Design ("AIBD") unless Declarant or its designee otherwise approves in its sole discretion.

This Article shall not apply to Declarant's activities or to the Master Association's activities during the Class "B" Control Period. This Article may not be amended without the prior written consent of Declarant, so long as Declarant owns any portion of or has a right to expand Compass Pointe pursuant to Section 9.1.

4.2. Architectural Review.

(a) By Declarant. By accepting a deed or other instrument conveying any interest in any portion of Compass Pointe, each Owner acknowledges that, as the developer of Compass Pointe and as an owner of portions of Compass Pointe as well as other real estate within the vicinity of Compass Pointe, Declarant has a substantial interest in ensuring that the improvements within Compass Pointe enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in the Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue so long as Declarant owns any portion of Compass Pointe or any real property adjacent to Compass Pointe, unless earlier terminated in an instrument the Declarant Records. Declarant may designate one or more Persons to act on its behalf in reviewing applications hereunder.

Declarant hereby delegates its responsibility for administration of the Architectural Design Standards and all other responsibilities described under this Article IV to the Architectural Review Committee (the "ARC"), the members of which shall be appointed by the Declarant during the Class "B" Control Period, and thereafter, by the Board of Directors. All responsibilities delegated to the ARC herein shall be subject to: (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) Declarant's right to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of the ARC entities shall be limited to such matters as Declarant specifically delegates as provided herein.

(b) Architectural Review Committee. The ARC shall consist of at least three, but not more than five (5) persons and shall have exclusive jurisdiction over all construction and improvements described in this Article IV. The members of the ARC shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Master Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, who may be compensated in such manner and amount if any, as the Board may establish.

(c) Fees; Assistance. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable



fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. So long as Declarant has any rights under this Article, Declarant has the right to review and approve or disapprove the establishment of any such fees. Declarant and the Master Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Master Association's annual operating budget.

4.3. Standards and Procedures.

(a) Architectural Design Standards. The Architectural Design Standards may contain general provisions applicable to all of Compass Pointe as well as specific provisions which vary from Neighborhood to Neighborhood. The Architectural Design Standards are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Architectural Design Standards are not the exclusive basis for decisions of the Reviewer and compliance with the Architectural Design Standards does not guarantee approval of any application.

Declarant may prepare the initial Architectural Design Standards. Declarant shall have sole and full authority to adopt, alter or amend the Architectural Design Standards as long as it owns any portion of or has a right to expand Compass Pointe pursuant to Section 9.1, notwithstanding a delegation of reviewing authority to the ARC, unless Declarant also delegates the power to amend the Architectural Design Standards to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Design Standards subject to the approval of the Board.

The Declaration, any Supplemental Declaration and/or the Architectural Design Standards may include requirements for minimum heated square footage, which requirements may vary from Neighborhood to Neighborhood. The requirements for minimum heated square footage for the initial property described in **Exhibit "A"** are as follows:

Phase #	Section #	Lot #	Required Minimum Heated Square Footage – One Story	Required Minimum Heated Square Footage – Two Stories
1	1	1-26	1700	2000
2	3A	1-62	1700	2000

Any amendments to the Architectural Design Standards shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Design Standards, and such amendments may remove requirements previously imposed or otherwise make the Architectural Design Standards less restrictive.

The Reviewer shall make the Architectural Design Standards available to Owners and Builders who seek to engage in development or construction within Compass Pointe. In Declarant's discretion, such Architectural Design Standards may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Design Standards was in effect at any particular time.

(b) Procedures. Except as otherwise specifically provided in the Architectural Design Standards, no activities shall commence on any portion of Compass Pointe until an application for

approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Design Standards and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application. So long as Declarant has any rights under this Article, Declarant has the right but not the obligation to require the Reviewer to review and issue a decision on "bulk" applications (same plans for different Units) submitted by a Builder.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation or obligation, the following: visual aesthetics, quality of workmanship and design, natural platforms and finish grade elevations; 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 of external design with surrounding structures and environment; and the effect thereof on the adjacent or neighboring property. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall use good faith efforts to make a determination on each application within thirty (30) days after receipt of a completed application and all required information. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application within thirty (30) days after Reviewer's determination on such application. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond within sixty (60) days after Reviewer's receipt of a completed application and all required information, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Design Standards unless a written variance has been granted pursuant to Section 4.5. Notice of the Reviewer's decision shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. However, personal delivery of such written notice shall be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one (1) year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one (1) year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Master Association, Declarant, or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.



4.4. Preferred Builder Program.

Declarant has selected certain preeminent builders to participate in the Compass Pointe Preferred Builder Program. These Preferred Builders will be identified in the Architectural Design Standards and are subject to change. The diverse talent represented by Compass Pointe's Preferred Builders allows Owners to select the company best suited to the Owner's project and personality. Owner, by his acceptance of a deed, warrants and represents that improvements on Owner's Unit may only be constructed by: (i) a Preferred Builder or (ii) only in the event that Declarant terminates the Preferred Builder Program, another builder that: (1) possesses a valid North Carolina General Contractor's license; (2) has built at least three (3) completed homes in the twelve (12) month period immediately preceding the request to build at Compass Pointe, and (3) has been approved in writing by the ARC to build on the Homesite. The Compass Pointe Preferred Builders are not employees or agents of the Declarant. Any assurances of quality construction, compliance to the Architectural Design Standards, completion according to plan, and timeliness are the sole responsibility of any individual contracting directly with a Compass Pointe Preferred Builder. Declarant is not a party to any contractual agreements between Preferred Builders and their clients. Even though Declarant has made background inquiries into each Preferred Builder, Declarant is not responsible for any home, home design, representation or promise made by a Preferred Builder.

4.5. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Design Standards, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, 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 applications, plans, or other matters subsequently or additionally submitted for approval.

4.6. Variances.

The Reviewer may authorize variances from compliance with any of its standards and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) preclude the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.7. Limitation of Liability.

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of Compass Pointe; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be made on the basis of aesthetic considerations only, and the Reviewer 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, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the ARC, the Master Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in North Carolina; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Master Association shall indemnify the Board, the ARC, and the members of each as provided in Section 7.7.

4.8. Certificate of Compliance.

Any Owner may request that ARC issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Design Standards. The Master Association, acting through the ARC, shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Master Association from taking enforcement action with respect to any condition as to which the Master Association had notice as of the date of such certificate.

4.9 Enforcement.

(a) Once construction has been initiated on a Unit, the Owner thereof must complete such construction within one (1) year. If an Owner does not comply with such schedule, then Declarant, and/or the Master Association shall 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 or the Master Association exercises the right provided in the immediately preceding sentence, then the Declarant or the Master 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 Unit, 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 or the Master Association shall be a charge and continuing lien upon such Unit until paid, and Declarant, the Board and/or the Master 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 owed.

(b) Any structure or improvement placed or made in violation of this Article or the Architectural Design Standards 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 Master 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 Unit's Owner and the benefited Unit and collected as a Specific Assessment pursuant to Section 8.5. In the event the Declarant, the Board and/or the Master Association exercises any right provided hereto in this Section 4.9(b), then Declarant, the Board and/or the Master 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.



(c) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Architectural Design Standards may be prohibited by the Board from entering and conducting any activities within Compass Pointe. In such event, neither the Master Association, nor its officers or its directors shall be held liable to any Person for exercising the rights granted by this subsection.

(d) The Master Association shall have the authority to establish and levy fines for violations of this Article and the Architectural Design Standards, including fines for continuing violations thereof. The fine amounts may be deducted from any bond posted. If the fines are not paid, the Master Association may levy a Specific Assessment in accordance with the provisions of Section 8.5.

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

(f) The terms and conditions of this Section 4.9 shall not apply to Declarant or any affiliate of Declarant or to any property within Compass Pointe owned by Declarant or any affiliate of Declarant.

4.10. Obligation to Diligently Pursue Construction; Reservation of Option to Purchase.

Declarant reserves the right to require the commencement of construction within a certain amount of time following the date after the Recordation of a deed from Declarant or an affiliate of Declarant to a party other than Declarant or an affiliate of Declarant (each such Recordation being referred to herein as a "Declarant Conveyance"). In addition, Declarant reserves the right and the option to: (a) designate appropriate time periods for construction (which time periods may vary within the phases and/or Neighborhoods of Compass Pointe); and (b) establish procedures by which Declarant and/or the Master Association may repurchase any Unit from any Owner who does not commence construction within the specified time period. Declarant may establish such time periods and repurchase options by Supplemental Declaration at the time the property to which such rules shall apply is first annexed into Compass Pointe or at any later date (provided that, if such restrictions are imposed after annexation, the owner of the property, if other than Declarant, shall be required to consent to such terms and conditions in order to make them effective as to said property).

**Article V
Maintenance and Repair**

5.1. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Master Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

Unless otherwise directed by the Declarant or the Master Association, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Area of Common Responsibility or public right-of-way lying between the Unit boundary and any wall, fence or curb located on an Area of Common Responsibility or public right-of-way within twenty-five (25) feet of the Unit boundary; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

Unless otherwise directed by the Declarant or the Master Association, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Area of Common Responsibility or public right-of-way lying between the Unit boundary and any road's edge or curb located on an Area of Common Responsibility or public right-of-way within twenty-five (25) feet of the Unit boundary; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

Unless otherwise directed by the Declarant or the Master Association, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Area of Common Responsibility lying between the Unit boundary and any lakes, ponds or streams located on an Area of Common Responsibility up to twenty-five (25) feet from the Unit boundary or as otherwise provided in the Architectural Design Standards; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV, and such maintenance shall comply with any applicable permits or Restrictions and Rules.

5.2. Maintenance of Neighborhood Property.

Any Neighborhood Association shall maintain its common property and any property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants.

Any Neighborhood Association shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way, lying between the boundary of its common property and any wall, fence, or curb located on the Common Area or public right-of-way within one hundred (100) feet of its boundary; provided, there shall be no right, to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

Upon resolution of the Board, Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way, and greenspace between the Neighborhood and adjacent public roads, private streets or berms within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Master Association; provided, all Neighborhoods which are similarly situated shall be treated in a non-discriminatory manner.

The Master Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the Board's opinion, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance (including an administrative fee, which fee shall be equal to twenty percent (20%) of the costs incurred) pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with



the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Master Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Neighborhood Association (if any) for the Neighborhood in which the Unit is located or the Master Association carries such insurance (which they may, but are not obligated to do hereunder). If the Master Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

This Section shall apply to any Neighborhood Association responsible for common property within the Neighborhood in the same manner as if the Neighborhood Association was an Owner and the common property was a Unit. Additional Recorded covenants applicable to any Neighborhood may establish more stringent requirements for maintenance, uses and/or insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such Neighborhood and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

5.4. Maintenance of Vacant Units.

Until construction is commenced on a Unit, the Master Association has the option to require that any vacant Unit be mowed by the Master Association's designee at reasonable intervals up to five (5) times per year, and shall be authorized to enter into and terminate contracts or agreements with other entities to provide such mowing. The Board shall charge Service Assessments for any such mowing services provided to Owners of vacant Units. Separate mowing services for vacant lots other than the Master Association's designee shall not be permitted without the consent of the Declarant. Nothing in this Section shall be construed as a representation by Declarant or the Master Association as to what, if any, mowing services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents.

5.5. Roads and Streets. The roadways shown on any Recorded plats of Compass Pointe are currently private roads and not public roads. As provided in Section 11.1 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.

Article VI
The Master Association and its Members

6.1. Function of Master Association.

The Master Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Master Association also is the primary entity responsible for enforcement of the Governing Documents. The Master Association shall perform its functions in accordance with the Governing Documents and North Carolina law.

6.2. Membership.

Every Owner shall be a Member of the Master Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(c) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Master Association.

Membership in the Master Association shall inure automatically to Owners upon acquisition of the fee simple title to any one or more Units. The date of Recordation in the Office of the Register of Deeds of Brunswick County of the conveyance of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on the date of death in the case of intestacy or the date of probate of the will in the case of testacy. Until a decedent's will is probated, the Master Association may rely on the presumption that a deceased Owner died intestate.

6.3. Voting.

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

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit. No Class "A" vote shall be exercised for any property that is exempt from assessment under Section 8.10. All Class "A" votes shall be cast as provided in Section 6.3(c).

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member may appoint the members of the Board of Directors during the Class "B" Control Period, as specified in the By-Laws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in the By-Laws.

The Class "B" membership shall terminate upon the earlier of:

(i) two years after expiration of the Class "B" Control Period pursuant to Article I herein; or

(ii) when, in its discretion, Declarant so determines and declares in a Recorded instrument.

The Class "B" Member shall be entitled to three (3) votes for: (a) each Unit within Compass Pointe which is owned by Declarant, and (b) to the extent not already included within the foregoing item (a), each residential unit which is permitted by the Master Plan to be constructed on any property described on Exhibits "A" and/or "B". Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

In recognition of the different character and intended use of the property subject to such Supplemental Declaration, Declarant may, by Supplemental Declaration, create additional classes of membership for the owners of Units within any property made subject to this Declaration pursuant to Article IX. These classes shall have such rights, privileges and obligations as specified in such Supplemental Declaration.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" Member shall be exercised by the Voting Member representing the Neighborhood, as provided in Section 6.4(b). The Voting Member may cast all such votes as it, in its discretion, deems appropriate as further provided in Section 6.4(c).

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

6.4. Neighborhoods, Voting Members, and Voting Groups.

(a) Neighborhoods. Any Neighborhood, acting either through a Neighborhood Committee elected as provided in the By-Laws or through a Neighborhood Association, if any, may request that the Master Association provide a higher level of service than which the Master Association generally provides to all Neighborhoods or may request that the Master Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of at least 75% of the Units within the Neighborhood, the Master Association shall provide the requested services unless the provision of such services is deemed unreasonable or impractical by the Board.

The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment.

If Declarant intends to designate a Neighborhood within Compass Pointe, Declarant shall, by Supplemental Declaration, assign the designated property to a specific Neighborhood (by name or other identifying designation). Such Neighborhood may be then existing or newly created by Declarant. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to designate or redesignate Neighborhood boundaries. However, two or more existing Neighborhoods shall not be combined without the consent of Owners of a majority of the Units in the affected Neighborhoods.

(b) Voting Members. The President of each Neighborhood Association shall serve as that Neighborhood's "Voting Member" who shall be responsible for casting all votes attributable to Units owned by Class "A" Members in the Neighborhood on all Master Association matters requiring a

membership vote, except as otherwise specified in this Declaration or the By-Laws. In addition, the Vice-President of each Neighborhood Association shall serve as that Neighborhood's "Alternate Voting Member" who shall be responsible for casting such votes in the absence of the Voting Member and also in the event that the Voting Member is on the ballot to be elected as a member of the Master Association Board of Directors.

Each Neighborhood's Voting Member and Alternate Voting Member shall serve their terms until their successors are elected as President or Vice-President in the Neighborhood Association.

Until such time as the Declarant first calls for a Neighborhood Association's President and Vice-President to be designated as that Neighborhood Association's respective Voting Member and Alternate Voting Member (which call shall be in the form of a letter sent to the respective Neighborhood Association's President), the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

Once the Declarant calls for a Neighborhood Association's President and Vice-President to be designated as that Neighborhood Association's respective Voting Member and Alternate Voting Member, the Voting Member (or the Alternate Voting Member, where applicable) must cast the votes for each Unit owned by a Class "A" Member in that Voting Member's Neighborhood (said Members shall be collectively referred to herein as that Voting Member's "Constituents") in accordance with Section 6.4(c).

(c) Casting of Votes.

(i) If the Voting Member will be casting votes on behalf of its Constituents on any matter that has been included on the Master Association's Annual Meeting agenda, which agenda is required to be provided to the Voting Members pursuant to Section 2.5 of the Bylaws (including but not limited to the following matters: 1) election of directors to the Board, 2) ratification of the Association's annual budget, 3) any amendment to the Governing Documents that requires approval of the Owners, or 4) any Special Assessment that requires approval of the Owners), then that Voting Member shall be required to poll its Constituent's on such issues at a meeting of the Voting Member's Neighborhood, which meeting shall be held prior to the Association's Annual Meeting and in compliance with that Neighborhood Association's bylaws. After polling its Constituents, the Voting Member may cast all such votes as it, in its reasonable discretion, deems appropriate.

(ii) If a Voting Member will be casting votes on behalf of its Constituents on any matter other than those matters described in Section 6.4(c)(i) above, then the Voting Member shall not be required to poll its Constituents on such issues and may cast all such votes as it, in its discretion, deems appropriate.

(iii) In the event a Voting Member is a candidate for election to the Board of Directors, then the Voting Member must recuse itself from casting votes at any meeting(s) where the Voting Member would have the opportunity to vote for itself, whereupon the Alternate Voting Member will replace the Voting Member and cast all votes at such meeting(s) in accordance with this Section 6.4(c).

(d) Voting Groups. Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid some Voting Members being able to elect the entire Board due to the number of Units in such Neighborhoods. Following termination of the Class "B" Control Period, the number of Voting Groups within Compass Pointe shall

not exceed the total number of directors to be elected by the Class "A" Members pursuant to the By-Laws.

The Voting Members representing the Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board. Each Voting Group is entitled to elect the number of directors specified in the By-Laws.

Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Class "B" Control Period by filing with the Master Association and Recording a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Units within each Voting Group can easily be determined. Such designation may be amended from time to time by Declarant, acting alone, at any time prior to the expiration of the Class "B" Control Period.

Diagram 6.4 illustrates an example of how Voting Members and Voting Groups might elect the Board of Directors after expiration of the Class "B" Control Period. The number of directors (five) and Voting Groups (three) shown in the illustration are for demonstrative purposes only; the actual number may be different.

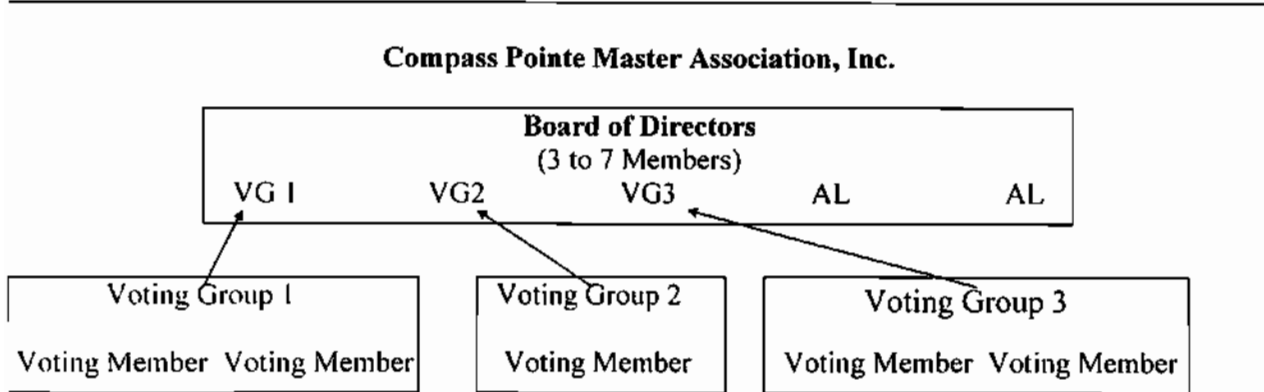


Diagram 6.4 – Association Organizational Structure. "AL" indicates "at-large" Board members.

After Declarant's right to expand Compass Pointe expires pursuant to Article IX, the Board shall have the right to Record or amend such Supplemental Declaration upon the vote of a majority of the total number of directors and approval of Voting Members representing a majority of the total number of Neighborhoods and a majority of the total Class "A" votes in the Master Association. Neither Recordation nor amendment of such Supplemental Declaration by Declarant shall constitute an amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this paragraph. Until such time as Voting Groups are established, all of Compass Pointe shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been Recorded, any and all portions of Compass Pointe which are not assigned to a specific Voting Group shall constitute a single Voting Group.

**Article VII
 Master Association Powers and Responsibilities**

7.1. Acceptance and Control of Master Association Property.

(a) The Master Association may acquire, hold, lease (as lessor or lessee), operate, and dispose of tangible and intangible personal property and real property (including, without limitation, the

Common Area), subject to the provisions of the Governing Documents and Article XVIII herein. The Master Association may enter into leases, licenses or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by community organizations and by others, whether nonprofit or for profit, for the provision of goods or services for the general benefit or convenience of owners, occupants, and residents of Compass Pointe.

(b) Declarant and its designees may convey to the Master Association personal property or fee title, leasehold or other property interests in any real property, improved or unimproved, described in Exhibit "A" or Exhibit "B." Such property shall be accepted by the Master Association and thereafter shall be maintained by the Master Association at its expense for the benefit of the Members. Upon Declarant's written request, the Master Association shall reconvey to Declarant any unimproved portions of the Common Area which Declarant previously conveyed to the Master Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

(c) The Master Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Master Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

7.2. Maintenance of Area of Common Responsibility.

The Master Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all portions of and structures situated on the Common Area (including but not limited to all private roads and right-of-ways within the Property);

(b) landscaping within public rights-of-way within or abutting Compass Pointe (to the extent not maintained by governmental authorities or as the Board may determine);

(c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any Cost Sharing Agreement, or any contract or agreement for maintenance thereof entered into by the Master Association;

(d) all ponds, streams, and/or wetlands located within Compass Pointe which may or may not serve as part of the stormwater drainage system for Compass Pointe, including improvements and equipment installed therein or used in connection therewith; and

(e) any property and facilities which Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Master Association and its Members. Such property and facilities shall be identified by written notice from Declarant to the Master Association and will remain part of the Area of Common Responsibility maintained by the Master Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Master Association.

The Master Association may maintain other property it does not own, including, without limitation, property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.



The Master Association shall not be liable for any damage or injury occurring on or arising out of the condition of property it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Master Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Voting Members representing 75% of the Class "A" votes in the Master Association and the Class "B" Member, if any, agree in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced except with Declarant's prior written approval as long as Declarant owns any property described in **Exhibit "A"** or **Exhibit "B."**

The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Master Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any Cost Sharing Agreement, other Recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair, and replacement of Limited Common Areas shall be a Neighborhood Expense assessed to the Neighborhood(s) to which the Limited Common Areas are assigned, notwithstanding that the Master Association may be responsible for performing such maintenance hereunder.

7.3. Assignment to Master Association.

Declarant shall be entitled to assign all water, sewer, land use, stormwater system and utility permits, agreements and easements between Declarant and any governmental agency or department or public or private utility company to the Master Association, in which case the Master Association shall be required to assume same. After such an assignment, the Master Association shall be responsible for and assume all duties, obligations, and rights and privileges of the Declarant under such permits, agreements and easements, including all maintenance responsibility, even if part of the water, sewer, land use, stormwater system or utility areas covered by the permits, agreements and easements are not located within Compass Pointe.

7.4. Insurance.

(a) Required Coverages. The Master Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that Master Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Master Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Master Association and its Members for damage or injury caused by the negligence of the Master Association or any of its Members, employees, agents, or contractors while acting on its behalf. If



generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least three million (\$3,000,000.00) per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Master Association shall obtain such additional coverages or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Master Association funds in an amount determined in the Board's business judgment but not less than an amount equal to (A) one-quarter of the sum of annual Base Assessments on applicable Units plus (B) reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

In addition, the Master Association shall, if so specified in a Supplemental Declaration applicable to any Neighborhood, obtain and maintain property insurance on the insurable improvements within such Neighborhood which insurance shall comply with the requirements of Section 7.4(a)(i). Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of each Unit insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Units within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Limited Common Areas may be included in the Neighborhood Expenses of the Neighborhood(s) to which such Limited Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

(b) Policy Requirements. The Master Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the surrounding area. All Master Association policies shall provide for a certificate of insurance to be furnished to the Master Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.4(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Master Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Master Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a coinsurance clause:

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Master Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Master Association to cure the defect or violation and allowance of a reasonable time to cure; and

(ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Master Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) an endorsement requiring at least 30 days' prior written notice to the Master Association of any cancellation, substantial modification, or non-renewal;

(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Master Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless (i) repair or reconstruction would be illegal under any state or local health or safety statute or ordinance or (ii) Voting Members representing at least 80% of the total Class "A" votes in the Association, 100% of total votes attributable to Units entitled to use and enjoy any Limited Common Area within such damaged portion of the Common Area, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Master Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Master Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Notwithstanding anything herein to the contrary, post-hurricane or other storm cleanup of the Common Area (or any other cleanup or repair of the Common Area necessitated by an Act of God or natural disaster) shall be the obligation of the Master Association. If necessary, the Board shall be entitled to impose a Special Assessment to cover the costs of such cleanup. Nothing in this paragraph shall be deemed to limit the types of costs and expenses that may justify a Special Assessment hereunder.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Master Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.4(a).

7.5. Compliance and Enforcement.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents, provided that, as and to the extent required by law or the By-Laws, the Owner or occupant shall be entitled to notice and a hearing in connection with the sanctions listed below in Section 7.5(a) (specifically excluding Section 7.5(a)(viii), which sanction only requires the provision of three-days notice). Such sanctions may include, without limitation:

(i) imposing reasonable charges for the late payment of assessments, which charges shall constitute a lien upon the violator's Unit, as provided in Section 8.9;



(ii) imposing reasonable monetary fines for other violations of the Governing Documents, which shall constitute a lien upon the violator's Unit, as provided in Section 8.9. Except as may be permitted by the Governing Documents and by applicable law, no such fine shall not exceed One Hundred Dollars (\$100.00) per violation; provided, however, if such violation is not remedied within five (5) days after the decision to levy the fine, then, beginning on the sixth (6th) day after the decision to levy the fine, additional fines of One Hundred Dollars (\$100.00) per day (or the highest amount permitted by law applicable at the time of such levy) may be levied by the Master Association, without further hearing, for each day that the violation continues. In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed as provided herein, the Master Association shall first seek to assess such fine against the violator; provided, however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(iii) suspending an Owner's right to vote;

(iv) suspending any services or privileges provided by the Master Association (except for rights to access a Unit), including but not limited to the suspension of a Person's right to use any recreational facilities within the Common Area, for reasonable periods for violations of this Declaration, the By-laws, or the Restrictions and Rules;

(v) suspending any services or privileges (as described in the immediately preceding subsection) provided by the Master Association to an Owner or the Owner's Unit during any period that assessments or other amounts due and owing to the Master Association remain unpaid for a period of thirty (30) days or longer;

(vi) to the extent permitted by law, exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(vii) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so after providing an Owner with at least three (3) business days written notice, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass and all costs incurred thereby shall be assessed against the Owner as a Specific Assessment;

(viii) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Design Standards from continuing or performing any further activities in Compass Pointe;

(ix) levying Specific Assessments to cover costs incurred by the Master Association to bring a Unit into compliance with the Governing Documents;

(x) filing liens with the Brunswick County Clerk of Superior Court and/or the Brunswick County Register of Deeds for nonpayment of assessments or fees; and

(xi) filing notices of violations with the Brunswick County Clerk of Superior Court and/or the Brunswick County Register of Deeds providing record notice of any violation of the Governing Documents.



In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:

- (i) to the extent permitted by law, exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or
- (ii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Master Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Master Association against the Unit and the Owner as a Specific Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Master Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency situation, the Master Association shall provide the Owner or Neighborhood Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Master Association prevails, it shall be entitled to recover all costs, including without limitation, attorneys fees, court costs and administrative costs, reasonably incurred in such action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- (i) the Master Association's position is not strong enough to justify taking any or further action;
- (ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Master Association's resources; or
- (iv) that it is not in the Master Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Master Association's right to enforce such provision at a later time under other circumstances or preclude the Master Association from enforcing any other covenant, restriction, or rule.

(c) The Master Association, by contract or other agreement, may enforce applicable city and county ordinances and permit Brunswick County or any municipality having jurisdiction to enforce ordinances within Compass Pointe for the benefit of the Master Association and its Members.



7.6. Implied Rights: Board Authority.

The Master Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Master Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Master Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Master Association or its Members. In exercising the rights and powers of the Master Association, making decisions on behalf of the Master Association, and conducting the Master Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.7. Indemnification of Officers, Directors, and Others.

Subject to North Carolina law, the Master Association shall indemnify every officer, director, and committee member against all damages and 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 of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under the Articles of Incorporation and North Carolina law.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Master Association (except to the extent that such officers or directors may also be Members of the Master Association).

The Master Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Master 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.

7.8. Safety and Security.

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Compass Pointe. The Master Association may, but shall not be obligated to, maintain or support certain activities within Compass Pointe designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Master Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within Compass Pointe, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO COMPASS POINTE, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES AND UNDERSTANDS THAT THE MASTER ASSOCIATION, ITS BOARD AND COMMITTEES, AND DECLARANT ARE NOT INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN COMPASS POINTE ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING UNITS AND THE CONTENTS OF UNITS, RESULTING FROM ACTS OF THIRD PARTIES. EACH OWNER SHALL BE RESPONSIBLE FOR INFORMING ITS TENANTS AND ALL OCCUPANTS OF ITS UNIT OF THE FOREGOING. EACH OWNER ACKNOWLEDGES AND UNDERSTANDS THAT ENTRANCE GATES IN OR ADJACENT TO THE PROPERTY MAY OR MAY NOT BE STAFFED, BUT WHETHER STAFFED OR NOT, ANY SUCH GATES ARE NOT INTENDED TO BE SECURITY GATES.

7.9. Powers of the Master Association Relating to Neighborhood Associations.

The Master Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Master Association or its Members or inconsistent with the Community-Wide Standard. The Master Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefore.

A Neighborhood Association shall take appropriate action required by the Master Association in a written notice within the reasonable time frame set by the Master Association in the notice. If the Neighborhood Association fails to comply, the Master Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions as and to the extent permitted by the North Carolina Planned Community Act.

7.10. Provision of Services.

The Master Association may provide, or provide for, services and facilities for the Members and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Master Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, such services and facilities might include landscape maintenance, irrigation, pest control service, cable television service, fiber optic services, internet, phone, cellular phone, security, street and/or pathway lighting, caretaker, transportation, fire protection, utilities, and similar services and facilities. In the event such a contract is entered into on behalf of the Master Association, all Owners will be required to comply with any terms therein and no Owner may exempt himself or herself from liability for the costs thereof for non-use of such service, abandonment of his or her Unit, or any other means. If a contract for fiber-optic lines is consummated by the Master Association with a third party, then the ARC is required to reject any plan that fails to include structural wiring for telephone, data and video and security system wiring. Wiring specification shall be developed by the third-party service providers and will be made available to all Owners and the ARC. Each Owner will be

required to pay for any water connections, sewer connections, impact fees, or any other charges imposed by any entity furnishing water, sewer or other utility service to the Units. In the alternative, the Declarant may collect such connection, impact, and other fees, and charges directly from the Owners. All Owners shall be required, for household purposes, to use water, sewer and irrigation supplied by the companies and/or governmental units servicing the Property and designated by Declarant. Separate water systems for outside irrigation and other outdoor uses shall not be permitted without the consent of the Declarant.

Nothing in this Section shall be construed as a representation by Declarant or the Master Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Units as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.11. Relationships with Other Properties.

The Master Association may enter into contractual agreements or covenants to share costs with any neighboring property or Private Amenity to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.12. Facilities and Services Open to the Public; Inter-connectivity Disclosure.

Certain facilities and areas within Compass Pointe may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: schools, greenbelts, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Area of Common Responsibility or the Board may so designate at any time thereafter.

In Declarant's sole discretion, certain recreational facilities may also be used by groups and persons other than Owners, their families, lessees, and guests, including but not limited to potential customers and members of any Affiliated Golf Courses, upon payment to the Master Association of reasonable use fees established by the Board. So long as Declarant owns any of the property described in **Exhibit "A" or Exhibit "B"**, the use fees for the use of the recreational facilities by a non-Owner shall not exceed two (2) times the pro-rata daily Base Assessment per Unit then in effect.

In addition, governmental authorities may from time to time require that certain roads and/or streets within Compass Pointe be connected to other public and/or private roads and thoroughfares located upon or serving other subdivisions or communities in the vicinity of Compass Pointe. By acceptance, occupancy or enjoyment of any property located within Compass Pointe, each Owner, on behalf of itself and any parties claiming through said Owner (including, without limitation, tenants, licensees and invitees), hereby (i) acknowledges that such inter-connectivity may increase or otherwise affect the flow of traffic within Compass Pointe and (ii) waives any claims against Declarant or the Master Association relating to such inter-connectivity and/or any resulting increase or modification in traffic flow or patterns within Compass Pointe.

7.13. Governmental Interests.

Declarant hereby discloses to all Owners and potential owners, tenants, licensees and invitees of property within Compass Pointe that Declarant reserves the right (but shall have no obligation) to designate property owned by Declarant or any affiliate of Declarant for use and/or ownership by or for the

benefit of fire departments, police stations, utility facilities, public schools, parks, streets and/or other public or quasi-public facilities. By acceptance, occupancy or enjoyment of any property located within Compass Pointe, each Owner, on behalf of itself and any parties claiming through said Owner (including, without limitation, tenants, licensees and invitees), hereby waives any claims against Declarant or the Master Association relating to any such uses.

**Article VIII
Master Association Finances**

8.1. Budgeting and Allocating Common Expenses; Base Assessments.

At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of applicable assessments against the Units, as authorized in Section 8.7.

The Master Association is authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.7 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy [in addition to any amounts paid by Declarant under Section 8.8(b)], which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Master Association and Declarant.

The Board shall send a summary of the final budget, together with a notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner within thirty (30) days after the Board adopts such budget. With such summary, the Board shall provide to each Owner a written notice of the meeting of the Owners at which the ratification of the budget will be considered. Notwithstanding any provisions to the contrary in the Governing Documents, there shall be no requirement that a quorum be present at the meeting described herein; and the notice of said meeting shall include a statement that the budget may be ratified at such meeting without a quorum. The meeting of the Owners to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice referenced in this paragraph. The budget shall automatically be deemed ratified and become effective unless disapproved at such meeting by Members representing at least 75% of the total Class "A" votes in the Master Association and by the Class "B" Member, if such exists.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined. Once a new budget is determined and ratified, the new budget may be deemed retroactive for up to the previous six (6) months.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.



8.2. Budgeting and Allocating Neighborhood Expenses; Neighborhood Assessments.

At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Each such budget shall include any costs of irrigation of any Common Areas within the Neighborhood and for additional services or a higher level of services which the Owners in such Neighborhood have approved pursuant to Section 6.4(a) and any contribution to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount required to be generated through the levy of Neighborhood and Special Assessments against the Units in such Neighborhood.

The Master Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under this Article to fund Neighborhood Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall send a summary of the final Neighborhood budget, together with a notice of the amount of the Neighborhood Assessment to be levied pursuant to such budget, to each Owner to which such Neighborhood Assessment applies, within thirty (30) days after the Board adopts such budget. With such summary, the Board shall provide to each such Owner a written notice of the meeting of the Owners at which the ratification of the Neighborhood budget will be considered. Such notice shall include a statement that the budget may be ratified at such meeting without a quorum. The meeting of the Owners to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice referenced in this paragraph. The budget shall automatically become effective unless disapproved at such meeting by Members representing at least 75% of the total Class "A" votes to which the Neighborhood budget applies and by the Class "B" Member, if such exists.

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

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Units in the affected Neighborhood to disapprove the revised budget as set forth above.

All amounts the Master Association collects as Neighborhood Assessments shall be held for and expended solely for the benefit of the Neighborhood for which they were collected and shall be accounted for separately from the Master Association's general funds.

8.3. Budgeting for Reserves.

The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility and for each Neighborhood for which the Master Association maintains capital items as a Neighborhood Expense. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in

the Common Expense budget adopted pursuant to Section 8.1 or the Neighborhood Expense budgets adopted pursuant to Section 8.2, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period.

8.4. Special Assessments.

In addition to other authorized assessments, the Master Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. The Board may establish the amount of the Special Assessment if it is One Hundred Dollars (\$100.00) or less in any assessment year for each Member. Except as otherwise specifically provided herein, any Special Assessment shall require the affirmative vote or written consent of Voting Members (if a Common Expense) or Owners (if a Neighborhood Expense) representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Specific Assessments.

The Master Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Master Association (which might include the items identified in Section 7.10). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided that, to the extent required by law or the By-Laws, the Board shall give the Unit Owner prior notice and an opportunity for a hearing before levying any Specific Assessment under this subsection.

(c) To cover costs including overhead administrative costs and reserves incurred for maintenance, repair and replacement of any private roads, signs, mail boxes, fences and berms which are constructed for the benefit of certain specified Units, as shall be more specifically set forth in a Supplemental Declaration.

(d) To cover costs of irrigating an Owner's Unit as provided in this section. The amount of the irrigation assessment to be billed to each Owner shall be determined by the Master Association in reliance upon meters measuring the irrigation service provided to the various Units.

(e) To contribute to the costs including overhead, administrative costs and reserves incurred for maintenance, repair and replacement of any Affiliated Golf Course, in exchange for the potential increase in value of said Unit due to the proximity of said Affiliated Golf Course and in exchange for other good and valuable consideration (for example but not limited to, a grant by the owner of said Affiliated Golf Course of a limited easement allowing Unit Owners to use portions of the Affiliated Golf Course or a discount to Owners for use of said Affiliated Golf Course), all under the terms and conditions

which shall be more specifically set forth in a Supplemental Declaration and subject to the limitations of North Carolina law.

The Master Association may also levy a Specific Assessment against the Units within any Neighborhood to reimburse the Master Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Voting Member representing, the Neighborhood and an opportunity for such Owners or Voting Member to be heard before levying any such assessment.

8.6. Service Assessments.

The Master Association shall have the power to levy Service Assessments against a particular Unit or Units constituting less than all Units (and/or against a particular Neighborhood or Neighborhoods constituting less than all Neighborhoods) within Compass Pointe to cover the costs, including overhead and administrative costs, of providing specialized maintenance and/or landscaping services to such Units and/or Neighborhoods and the occupants thereof, including but not limited to any of the services described in Section 7.10). Such assessments may be levied in advance of the provision of the benefit, item or service as a deposit against charges to be incurred by the Owner. Notwithstanding the foregoing to the contrary, the fact that the Master Association levies a Service Assessment shall not be deemed to impose any obligation upon the Master Association to (i) monitor the quality of work or services being provided, (ii) assume any responsibility for the quality of work or services provided, (iii) ensure the structural integrity or soundness of any construction or modifications provided or (iv) ensure compliance with building codes and other governmental requirements relating to the work or services provided.

8.7. Authority to Assess Owners; Time of Payment; Grace Period for Certain Builders.

(a) Declarant hereby establishes and the Master Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration; or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

(b) Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

(c) Notwithstanding anything to the contrary in this Article VIII, any Builder who purchases property subject to this Declaration directly from the Declarant shall not be required to pay any Base Assessments, Neighborhood Assessments or Special Assessments relative to such property acquired from Declarant for a period beginning on the date such property is acquired from Declarant (each, an "Acquisition Date") and ending on the date that a Certificate of Occupancy is issued for the Builder's applicable Unit ; provided, however, in the event any portion(s) of such property are subsequently conveyed by Builder to any other party prior to the issuance of a Certificate of Occupancy, then the grace period described in this Section 8.7(c) shall automatically and immediately terminate as to any portion(s)



of the property conveyed by the Builder as of the date of such conveyance, and the grantee of such conveyance shall thenceforth be subject to full assessment under this Article VIII.

8.8. Obligation for Assessments.

(a) Personal Obligation. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of Compass Pointe, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of North Carolina law), late charges as determined by Board resolution (subject to the limitations of North Carolina law), costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

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

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

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

(b) Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy its obligation for assessments on Units which it owns either by either: (i) paying such assessments in the same manner as any other Owner; (ii) by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Master Association during the fiscal year; or (iii) paying one-half of the assessments for an unimproved Unit for all Units which are platted and Recorded but which have not yet been sold to an Owner other than Declarant or a Builder. Unless Declarant otherwise notifies the Board in writing at least forty-five (45) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year.

Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, Declarant shall pay assessments on its unsold Units in the same manner as any other Owner.

8.9. Lien for Assessments.

(a) The Master Association shall have a lien against each Unit including Declarant's to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens except (i) liens and encumbrances (specifically including, but not limited to, a Recorded Mortgage on the Unit made in good faith and for value) recorded before the docketing of the claim of lien in the office of the Brunswick County clerk of superior court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Unit which applicable law would require to be superior. This subsection does not affect the priority of mechanics' or materialmen's liens. Subject to applicable law and the terms and conditions of this Declaration, such lien, when delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure.

(b) Any assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Unit when a claim of lien is filed of record in the office of the clerk of superior court of Brunswick County. To the extent permitted by law, fees, charges, late charges, and other charges imposed pursuant to this Declaration or North Carolina law are enforceable as assessments under this Article.

(c) The Master Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes; provided, however:

(i) The Master Association may not foreclose an assessment lien under Article 2A of Chapter 45 of the General Statutes if the debt securing the lien consists solely of fines imposed by the Master Association, interest on unpaid fines, or attorneys' fees incurred by the Master Association solely associated with fines imposed by the Master Association (provided that the Master Association shall be entitled to enforce such lien by judicial foreclosure as provided in Article 29A of Chapter 1 of the General Statutes); and

(ii) The Master Association shall not levy, charge, or attempt to collect a service, collection, consulting, or administration fee from any Owner unless the fee is expressly allowed in this Declaration. Any lien securing a debt consisting solely of these fees may only be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the General Statutes.

(d) A claim of lien by the Master Association shall set forth the name and address of the Master Association, the name of the record owner of the Unit at the time the claim of lien is filed, a description of the Unit, and the amount of the lien claimed.

(e) The Master Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Master Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Master Association. The Master Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

(f) Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, where the holder of a first Mortgage or first deed of trust of record, or other purchaser of a Unit obtains title to the Unit as a result of foreclosure of a first



Mortgage or first deed of trust, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Unit which became due prior to the acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Unit Owners including such purchaser, its heirs, successors, and assigns.

8.10. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) All Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;
- (b) Any property dedicated to and accepted by any governmental authority or public utility;
- (c) Any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies only partially within the boundaries of a Unit which is subject to assessment hereunder (in which case the Unit shall not be exempted from assessment) or unless otherwise designated by Declarant in a Supplemental Declaration;
- (d) Any property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Association as tenants-in-common; and
- (e) Any property designated by Declarant for use as a sales office or model unit (provided that Declarant shall be entitled to terminate any such sales office or model unit exemption in the event such property is no longer used for such purposes).

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

8.11. Working Capital Fee.

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder buying at least four Units at one time, and upon all subsequent conveyances of record title to such Unit, a contribution shall be made by or on behalf of the purchaser to the working capital of the Master Association in an amount equal to the current year's Base Assessment. This working capital amount shall be in addition to, not in lieu of, the annual Base Assessment and any applicable Neighborhood Assessments and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Master Association for use in covering operating expenses and other expenses incurred by the Master Association pursuant to this Declaration and the By-Laws.

8.12. Management Company Fee.

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser for the management company's administrative/set-up fee.

8.13. Surplus Funds.

Notwithstanding the provisions of N.C.G.S. §47F-3-114, any surplus funds of the Master Association remaining after payment of or provision for Common Expenses shall be applied to reserves or other future expenses as the Board deems appropriate.

Article IX
Expansion of the Community

9.1. Expansion by Declarant.

From time to time, Declarant may annex and subject to the provisions of this Declaration all or any portion of the property described in **Exhibit "B"** by Recording a Supplemental Declaration describing the additional property to be subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to expand Compass Pointe pursuant to this Section shall expire when all property described in **Exhibit "B"** has been subjected to this Declaration or 40 years after this Declaration is Recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in **Exhibit "A"** or **Exhibit "B."** Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in **Exhibit "B"** in any manner whatsoever.

9.2. Expansion by the Master Association.

The Master Association may also subject additional property to the provisions of this Declaration by Recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Voting Members representing not less than sixty-seven (67%) of the Class "A" votes of the Master Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Master Association's President and Secretary, the owner of the property, and Declarant, if Declarant's consent is necessary, shall sign the Supplemental Declaration.

9.3. Additional Covenants and Easements.

As long as Declarant owns any of the real property described on **Exhibit "A"** or **Exhibit "B,"** Declarant may subject any portion of Compass Pointe to additional covenants and easements, including covenants obligating the Master Association to maintain and insure such property and authorizing the Master Association to recover its costs through Neighborhood Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. Except in cases under which the Declarant is exercising any right specifically reserved in this Declaration, if any Person other than Declarant owns the property, then the consent of the owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such

Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Master Association and assessment liability in accordance with the provisions of this Declaration.

Article X
Additional Rights Reserved to Declarant.

10.1. Withdrawal of Property.

Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 9.1, for the purpose of removing any portion of Compass Pointe which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Units then subject to this Declaration by more than ten percent (10%). Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant.

10.2. Marketing and Sales Activities.

Declarant may construct and maintain upon portions of the Common Area such facilities and activities as, in Declarant's sole opinion may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant shall have easements for access to and use of such facilities at no charge.

10.3. Right to Develop.

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Every Person that acquires any interest in Compass Pointe acknowledges that Compass Pointe is all or part of a master planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge, or otherwise object to (a) changes in uses or density of property outside any Neighborhood in which such Person holds an interest; or (b) changes in the Master Plan as it relates to property outside any Neighborhood in which such Person holds an interest.

10.4. Right to Approve Additional Covenants and Associations.

No Person shall Record any declaration of covenants, conditions and restrictions, declaration of condominium, amendment thereto, or any similar instrument affecting any portion of Compass Pointe without Declarant's review and written consent. Any attempted Recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant. The terms and conditions of this Section 10.4 shall specifically apply to (but not be limited to) any Neighborhood of Compass Pointe.

The creation of any Neighborhood Association having jurisdiction over any portion of Compass Pointe shall require the prior written consent of the Declarant.

10.5. Right to Approve Changes in Compass Pointe Standards.

No amendment to or modification of any Restrictions and Rules or Architectural Design Standards shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.6. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument Declarant signs and Records. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7. Exclusive Rights To Use Name of Development.

No Person shall use the name "Compass Pointe" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Compass Pointe" in printed or promotional matter where such term is used solely to specify that particular property is located within Compass Pointe and the Master Association shall be entitled to use the words "Compass Pointe" in its name.

10.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Compass Pointe, including Units, and a perpetual nonexclusive easement of access throughout Compass Pointe to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

10.9. Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Compass Pointe in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

10.10 Termination of Rights.

The rights contained in this Article shall not terminate until the earlier of: (a) December 31, 2064; or (b) Recording by Declarant of a written statement that all sales activity has ceased.



**Article XI
Easements**

11.1. Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area (including but not limited to all roads shown on Recorded Plats of the Property) subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Master Association;
- (c) The Board's right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area, including but not limited to operating hours and rules limiting the number of guests who may use the Common Area;
 - (ii) suspend an Owner's right to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent; and (B) for a period not to exceed thirty (30) days for a single violation (or for a longer period in the case of any continuing violation) of the Governing Documents (subject to any applicable notice and hearing requirements specifically imposed by law or the By-Laws);
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
 - (v) permit use of any recreational facilities situated on the Common Area by groups and persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other recreational facilities, areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public;
 - (vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the approval requirements set forth in Section 17.4;
 - (vii) make reasonable and appropriate modifications to the boundaries of the Common Area in order to make such boundaries consistent with improvements as actually constructed therein (including, without limitation, reasonable relocations of Common Area to conform to the specifications of roads actually installed within the Common Area);
 - (viii) restrict access on certain roads and sidewalks to use by Owners within certain Neighborhoods; and
 - (viii) permit use of any and all roads that may now or in the future be located within Compass Pointe by persons other than Owners, their families, lessees, and guests in order to access adjacent or neighboring commercial property or any other adjacent or neighboring property.

(d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XII.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2. Easements of Encroachment (a/k/a the "Nice Neighbor Rule").

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and any Private Amenity due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary.

11.3. Easements for Utilities, Etc.

(a) Installation and Maintenance. So long as Declarant owns any property described in Exhibit "A" or Exhibit "B", Declarant reserves for itself and reserves the right to grant to the Master Association and all utility providers, perpetual non-exclusive easements throughout Compass Pointe (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and infrastructure to serve Compass Pointe, including any additional property which is made a part of Compass Pointe in the future and/or any adjacent or neighboring commercial property, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, stormwater and/or other drainage systems, street lights, and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on Recorded plats;

(ii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described in Section 11.3(a)(i); and

(iii) access to read utility meters.

(b) Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibit "A" and Exhibit "B." The Owner of any property to be burdened by any easement granted pursuant to this subsection shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any



Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements to Serve Additional Property and Private Amenities.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area (including but not limited to all roads within Compass Pointe) for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration and for the purposes, use, access and development of any Private Amenities located within or in the vicinity of Compass Pointe. 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.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of their respective actions in connection with development of such property. Declarant acknowledges that if the easement is exercised for permanent access to such property or Private Amenity and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant and its successors or assigns shall not be required to enter into an agreement with the Master Association to share the cost of any maintenance which the Master Association provides to or along any roadway providing access to such property.

Declarant has granted certain access and utility easements to an adjoining landowner, TF Holdings Limited Partnership. In the event Declarant Records such easements, whether before or after this Declaration is Recorded, this Declaration shall be subordinate to such easements.

11.5. Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Master Association easements over Compass Pointe as necessary to enable the Master Association to fulfill its maintenance responsibilities under Section 7.2. The Master Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. The Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6. Easements for Lake and Pond Maintenance and Flood Water.

Declarant reserves for itself, the Master Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility or any other property (including, without limitation, any Private Amenity designated by Declarant); (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Master Association, and their successors, assigns and designees shall have an access easement over and across any of Compass Pointe which abuts or contains bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Master Association, and their successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within one-hundred (100) feet of bodies of water and wetlands within Compass Pointe, in order to (a) temporarily flood and back water upon and



maintain water over such portions of Compass Pointe; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

Declarant further reserves for itself, and its assigns, a permanent, exclusive right and easement (a) to pump water, including treated waste water, from the lakes, ponds, lagoons, waterways, basins, water table, wells, water dependant structures and other bodies of water located in, on or under the Area of Common Responsibility for the purpose of irrigating any portion of the same and/or any other property (including, without limitation, any Private Amenity designated by Declarant), and (b) 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 Area and/or lands within the Area of Common Responsibility. The pumping or other removal of any water from any lake, pond, lagoon or body of water wholly or partly within the Area of Common Responsibility, for any purpose other than fire fighting and as provided herein, is prohibited without express written permission of Declarant.

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

11.7. Golf Course Easements.

If a golf course is built on property in or adjacent to Compass Pointe, the terms and conditions of this Section 11.7 shall apply:

(a) Every Unit and the Common Area and the common property of any Neighborhood Association are burdened with an easement permitting golf balls unintentionally to come upon such areas, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a Neighborhood, or the exterior portions of a Unit (but not inside any dwellings) to retrieve errant golf balls. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Declarant; the Master Association or its Members (in their capacities as such); YDV, Inc., its successors, successors-in-title to any golf course, or assigns; any property management company employed or designated by Declarant or the Master Association; any builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing; or any officer or director of any partner.

(b) If and to the extent such golf course is a Private Amenity owned or operated by Declarant, an affiliate of Declarant or any Person who is expressly designated by Declarant as having the Private Amenity and/or golf course rights provided in this Declaration (any such golf course being referred to herein as an "Affiliated Golf Course"), the owner of any golf course within or adjacent to any portion of Compass Pointe, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of its golf course.

(c) Any portion of Compass Pointe immediately adjacent to any Affiliated Golf Course is hereby burdened with a non-exclusive easement in favor of the Declarant, the Master Association, and



any Affiliated Golf Course and its owners, employees and agents, and their successors and assigns, for overspray and/or sub-surface flow of water from any irrigation system serving Compass Pointe or an Affiliated Golf Course. Any portion of Compass Pointe other than those portions containing dwellings, are hereby burdened with a non-exclusive easement in favor of the Declarant, the Master Association, and any Affiliated Golf Course and its owners, employees and agents, and their successors and assigns, for the construction and use of treated holding lagoons and/or the utilization of such areas as spray fields (if and to the extent requested or required by any governmental or quasi-governmental authority having jurisdiction). Said water may be non-potable water and may be a product of or effluent from a public or private sewer system serving Compass Pointe and/or other properties. Under no circumstances shall Declarant, the Master Association, or the owner of such Affiliated Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of any Affiliated Golf Course shall have a perpetual, exclusive easement of access over Compass Pointe for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

11.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Compass Pointe, including Units, and a perpetual, nonexclusive easement of access throughout Compass Pointe to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner and no entry into a dwelling or structure shall be permitted without the Owner's consent.

The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

11.9. Setback Easement.

Since the establishment of standard inflexible building setback lines in location of homes on Units tends to force construction of homes directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related concerns, no specific setback lines are established by this Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, the Declarant reserves the right to either 1) establish setback lines for certain property or Villages within the property's Architectural Design Standards, or 2) select the precise site location of each house or other structure on each Unit in its sole discretion and to arrange the same in such manner and for such reasons as the Declarant deems sufficient, provided, however, the Declarant shall make such determination so as to insure that the development of the Units subject to this Declaration is consistent with the provisions set forth herein. The placement of homes is meant to create a sense of spaciousness and to avoid monotony. For such purposes it is the Declarant's intent that setback lines may be staggered where appropriate. In any event, no house shall be erected closer to the front Unit line or nearer to any side Unit line than the minimum distances established by applicable governmental ordinances.

In addition to the easements reserved and/or granted above and notwithstanding anything to the contrary in the foregoing paragraph of Section 11.9, Declarant hereby further reserves for itself, the Master Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement over any portions of any Unit and/or tract within Compass Pointe lying within fifteen (15) feet of the property lines of such Unit and/or tract (but not through a structure) for the purpose of installing, inspecting, maintaining, operating, repairing and replacing utilities, stormwater facilities or any other

reasonable use related to the orderly development, maintenance and use of the property within Compass Pointe.

11.10. Easements for Special Events.

Declarant hereby reserves for itself, the Master Association, any Affiliated Golf Course owners, and their respective successors, assigns, and designees, a perpetual, non-exclusive easement over the Common Area for the purpose of conducting educational, cultural, entertainment, promotional, or sporting events, and other activities of general community interest at such locations and times as the Board, in its sole discretion, deems appropriate. Each Owner acknowledges and agrees that the exercise of this easement may result in a temporary increases in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Unit to take no action, legal or otherwise, which would materially, adversely interfere with the exercise of such easement or to recover damages for or as a result of any such activities.

11.11 Stormwater Permits.

(a) All Lots and/or Units are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations may be amended from time to time. Without limiting the foregoing, Declarant or its designee, including the ARC, reserves the right to impose additional restrictions upon the Property as and to the extent required by the terms of any stormwater permit applicable to Compass Pointe or any portion thereof 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 Master Association or any other owner or person shall be required for such Supplemental Declaration.

(b) No party shall apply for or obtain any stormwater permit applicable to any portion of Compass Pointe without the prior written consent of Declarant (which may be granted or withheld in Declarant's sole and absolute discretion). Except in the specific event of Declarant's consent (if applicable) in accordance with the foregoing sentence, it is the intent of Declarant and this Declaration that all such permits are to be in the name of Declarant until such time as Declarant elects to assign them to the Master Association as provided herein. Declarant reserves the right to transfer the stormwater management permit(s) and the responsibility for maintenance of the stormwater runoff system and facility to the Master Association. At the time of such transfer, the Master Association shall accept conveyance and transfer of the stormwater permit(s) and carry out and abide by the duties and obligations contained therein.

11.12. Site Coverage and Stormwater Runoff Rules.

(a) The following restrictions in this Section 11.12(a) shall apply *only* to that property described in **Exhibit "A"** attached to this Declaration.

(1) This restrictions this Section 11.12(a) are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8080428 as amended, as issued by the Division of Water Quality under NCAC 2H.1000 and any subsequently issued permits or modifications thereof (the "Permit").

(2) The State of North Carolina is made a beneficiary of the covenants contained in this Section 11.12(a) to the extent necessary to maintain compliance with the Permit.



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

(4) The covenants contained in this Section 11.12(a) pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, or its successor agency.

(5) Alteration of the drainage as provided in the Permit may not take place without the concurrence of the Division of Water Quality, or its successor agency.

(6) The maximum allowable built-upon area per lot, in square feet, is:

Phase #	Section #	Lot #	Maximum Built Upon Area – Sq. Ft.
1	1	1-26	4,800 sq. ft.
2	3A	1-62	4,800 sq. ft.

These allotted amounts include any built-upon area constructed within the property boundaries and that portion of the right-of-way between the front lot lines and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

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

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

(b) Declarant reserves the right in its sole discretion as state stormwater permits are modified to recalculate and redesignate maximum built upon areas as set forth in Section 11.12(a) above, provided such recalculations and redesignations are in accordance with state stormwater permits applicable to Compass Pointe (including, without limitation, the imposition of rules or restrictions that Division of Water Quality may require in connection with the annexation of additional property into the scheme of these Declaration). In addition, if any property as finally constructed does not use its allocated built upon area, Declarant shall have the sole right to reclaim such excess allotment and reallocate it to remaining properties in its sole discretion.

11.13. Conservation Buffer Areas.

All Units which are recorded by the Declarant with “Conservation Buffer Area(s)” or a similar term shall be subject to this Section 11.13. All portions of such Units lying within ten (10) feet of the rear property lines of such Unit (and within twenty (20) feet of any property lines adjacent to a stormwater pond, lake or wetland (collectively, a “Body of Water”) are hereby designated as “Conservation Buffer Areas” and shall also be designated as such on Recorded plats of Compass Pointe. All Conservation Buffer Areas shall be subject to the following terms and conditions, unless otherwise specified below:

(a) If fertilizer is deemed necessary by the Owner, slow release fertilizers should be used in accordance to the fertilizer’s directions.

- (b) Pesticides should not be used within the Conservation Buffer Area.
- (c) Weeds in the Conservation Buffer Area should be removed by hand.
- (d) Invasive and non-native plants within the Conservation Buffer Area should be identified and removed by hand.
- (e) Approved planting list should be followed. A current version of such list is included with the Architectural Design Standards or it may be obtained from the Association.
- (f) Hardscapes should be avoided in Conservation Buffer Areas. Pervious materials should be utilized for trails or paths within Conservation Buffer Areas.
- (g) Only as to Units which are located adjacent to a Body of Water: The mowing height of maintained turf should be two (2) inches or greater within two (2) to three (3) feet of the high-water line of a Body of Water or the top of the vegetative shelf of a Body of Water.
- (h) Only as to Units which are located adjacent to a Body of Water: If yard is irrigated, irrigation heads should be adjusted to throw water only on plants (landscape beds) and not into ponds, lakes or wetlands. Direction of irrigation heads should be inspected regularly.
- (i) Any and all additional reasonable rules and regulations that may be promulgated by the Declarant, its successor or assigns, from time to time in order to promote similar conservation measures.

Article XII Limited Common Areas

12.1. Purpose.

Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes, and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Limited Common Areas are assigned.

12.2. Designation.

During the Class "B" Control Period, Limited Common Area may be designated by Declarant in the deed conveying such area to the Master Association, on a subdivision plat relating to such Common Area or by Supplemental Declaration; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Units and/or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 9. 1.

Thereafter, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Master Association, including a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As



long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, any such assignment or reassignment shall also require Declarant's written consent.

12.3. Use by Others.

Upon approval of a majority of Owners of Units within the Neighborhood to which any Limited Common Area is assigned, the Master Association may permit Owners of Units in other Neighborhoods to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Limited Common Area.

**Article XIII
 Party Walls and Other Shared Structures**

13.1 General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article 14.

13.2 Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

**Article XIV
 Resolution of Disputes**

14.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Master Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.



(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article IV, which shall not be subject to review.

(c) Notwithstanding the foregoing to the contrary, the following shall *not* be considered Claims unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

- (i) any suit by the Master Association to collect assessments or other amounts due from any Owner;
- (ii) any suit by the Master Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Master Association's ability to enforce the provisions of this Declaration relating to the creation and maintenance of community standards;
- (iii) any suit between Owners, which does not include Declarant or the Master Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (iv) any suit in which any indispensable party is not a Bound Party; and
- (v) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

14.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and
- (iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.



(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the notice described in Section 14.2(a) (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Master Association (if the Master Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Brunswick County area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

(a) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party hereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

14.3. Initiation of Litigation by Master Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Master Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Voting Members entitled to cast 75% of the total Class "A" votes in the Association and the Class "B" Member, if any, except that only the approval of the Class "B" Member shall be required for actions or proceedings:

- (a) initiated during the Class "B" Control Period;
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;
- (c) initiated to challenge ad valorem taxation or condemnation proceedings;



(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(c) to defend claims filed against the Master Association or to assert counterclaims in proceedings instituted against it.

This Section 14.3 shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

**Article XV
Private Amenities**

15.1. General.

Access to and use of any Private Amenity is strictly subject to the rules and procedures of the owner of such Private Amenity, and no Person gains any right to enter or to use any Private Amenity by virtue of membership in the Master Association or ownership or occupancy of a Unit.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Master Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Private Amenities. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity.

Ownership or operation of any Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent Person; (b) establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of Declarant. Consent of the Master Association, any Neighborhood Association, any Voting Member, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, subject to the terms of any written agreements entered into by such owners.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners, including but not limited to the right to limit the use of golf carts within Private Amenities by size, style, color, etc. Such Private Amenity owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

15.2. Conveyance of Private Amenities.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Master Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of any Private Amenity. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. The ownership or operation of the Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an



“equity” club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the conveyance of any Private Amenity to one or more of Declarant’s affiliates, shareholders, employees, or independent contractors.’ Consent of the Master Association, any Neighborhood Association, any Voting Member, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

15.3. View Impairment.

Declarant, the Master Association, or the owner of any Private Amenity does not guarantee or represent that any view over and across the Private Amenity from Units adjacent to the Private Amenity will be preserved without impairment. Owners of the Private Amenities, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time. In addition, the owner of any Private Amenity that includes a golf course may, in its discretion, change the location, configuration, size, and elevation of the trees, bunkers, fairways and greens from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

15.4. Rights of Access and Parking.

Declarant hereby reserves the right to grant for the benefit of any Private Amenity and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use over all roadways located within Compass Pointe reasonably necessary to travel between the entrance to Compass Pointe and such Private Amenity and over those portions of Compass Pointe (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Private Amenity. Declarant’s rights under this Section 15.4 shall include, without limitation, the right to permit members of the Private Amenity and their guests and invitees to park their vehicles on the roadways located within Compass Pointe at reasonable times before, during, and after tournaments and other similar functions held by or at the Private Amenity to the extent that the Private Amenity has insufficient parking to accommodate such vehicles.

**Article XVI
 Changes in Ownership of Units**

Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days’ prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Unit Owner, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

**Article XVII
 Changes in Common Area**

17.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least 67%

of the total Class "A" votes in the Master Association and of Declarant, as long as Declarant owns any property subject to this Declaration or which may be made subject to this Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Master Association to be disbursed as follows:

(a) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Master Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within sixty (60) days after such taking Declarant, so long as Declarant owns any property subject to this Declaration or which may be made subject to this Declaration in accordance with Section 9.1, and Voting Members representing at least 75% of the total Class "A" vote of the Master Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board; or

(b) If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Master Association and used for such purposes as the Board shall determine.

17.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

17.3. Transfer or Dedication of Common Area.

Subject to the applicable terms of the North Carolina Planned Community Act, the Master Association may dedicate portions of the Common Area to Brunswick County, North Carolina or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by law or Section 17.4 herein.

17.4. Actions Requiring Owner Approval.

If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs insures or guarantees the Mortgage on any Unit, then the following actions shall require the prior approval of Voting Members representing not less than two-thirds of the total Class "A" votes in the Master Association and the consent of the Class "B" Member, if such exists: merger, consolidation or dissolution of the Master Association; annexation of additional property other than that described in **Exhibit "B"**; and dedication, conveyance or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 17.1 or this Section, the Master Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.



Article XVIII Amendment of Declaration

18.1. By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Class "B" Control Period, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Master Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

In addition, so long as Declarant owns property described in **Exhibit "A"** or **Exhibit "B"** for development as part of Compass Pointe, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon the rights of more than 5% of the Owners.

18.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 75% of the total Class "A" votes in the Master Association, including 75% of the Class "A" votes held by Members other than Declarant, and Declarant's consent, so long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

18.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege)

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

18.4. Exhibits.

Exhibit "A" and **Exhibit "B"** attached to this Declaration are incorporated by this reference, and this Article governs the amendment of such exhibits. All other exhibits are attached for informational

purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

Article XIX Gate Policy

19.1 Initial Gate Policy.

Declarant has developed Compass Pointe as a gated community, in that the two main access roads into Compass Pointe will be gated at certain times (but not necessarily 24 hours a day or every day) and will include welcome facilities with limited entry. Owners within Compass Pointe will be provided with some type of bar reader or code in order to enter the gates when they are locked. Visitors will be required to stop if the gates are closed and talk with the gate attendant who will determine whether the visitor is authorized to enter Compass Pointe. **EACH OWNER ACKNOWLEDGES AND UNDERSTANDS THAT ENTRANCE GATES IN OR ADJACENT TO THE PROPERTY MAY OR MAY NOT BE STAFFED OR LOCKED, BUT WHETHER STAFFED OR LOCKED OR NOT, ANY SUCH GATES ARE NOT INTENDED TO BE SECURITY GATES.**

19.2 Changes to Gate Policy within Compass Pointe.

So long as Declarant owns any property described in Exhibit "A" or Exhibit "B," Declarant may unilaterally amend the gate policy (including but not limited to operating hours, persons authorized to enter other than owners, and/or staffing of the welcome facilities) for any purpose.

In addition, the Owners may amend the gate policy only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 85% of the total Class "A" votes in the Master Association, including 85% of the Class "A" votes held by Members other than Declarant, and Declarant's consent, so long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

Article XX Miscellaneous

20.1. Severability.

Invalidation of any one of the covenants or restrictions in this Declaration 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.

20.2. Notice by Electronic Means.

Any written notice required to be provided pursuant to the Governing Documents 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.



20.3. Conflicts with the North Carolina Planned Community Act.

To the extent any provision of this Declaration is directly inconsistent with the terms of the North Carolina Planned Community Act (N.C.G.S. §47F-1-101 et. seq.) (other than those provision which are permitted to differ from the Act and are specifically stated herein to differ therefrom) and such provision of this Declaration cannot reasonably be reconciled with said North Carolina Planned Community Act, the terms of the North Carolina Planned Community Act shall be controlling with regard to such term.

-Signature Pages and Consent of Mortgagee Pages Follow -



IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

YDV, Inc.,
a North Carolina corporation

By: Robert C. G. Exum
Name: Robert C. G. Exum
Its: President

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Lydia K. Peters, a Notary Public for said County and State, do hereby certify that Robert C. G. Exum, President of YDV, Inc., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said corporation.

Witness my hand and notarial seal this 23rd day of October, 2008.

Lydia K. Peters
Notary Public

My Commission Expires:
March 4, 2013





CONSENT OF MORTGAGEE

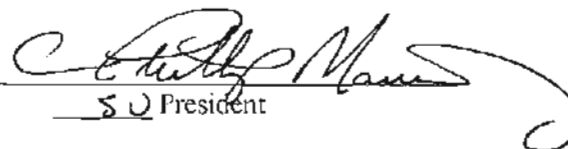
BRANCH BANKING & TRUST COMPANY is the holder of those certain Deeds of Trust and Collateral Assignments on the property described in the foregoing Declaration of Covenants, Conditions and Restrictions for Compass Pointe (the "Declaration"), said Deeds of Trust having been filed in Book 2737 at Page 902 (amended in Book 2850 at Page 299) and Book 2737 at Page 981 in the Office of the Register of Deeds of Brunswick County; and said Collateral Assignments having been filed in Book 2737 at Page 921 and Book 2737 at Page 991, all in the Office of the Register of Deeds of Brunswick County (collectively, the "Security Instruments), and as holder of said Security Instruments, does hereby consent to the terms, conditions and covenants in the foregoing Declaration and agrees that the liens of said Security Instruments are subordinate to and subject to the terms, conditions and covenants contained in said Declaration.

In witness whereof, BRANCH BANKING & TRUST COMPANY and BB&T COLLATERAL SERVICE CORP., as Trustee, have respectively caused this Consent of Mortgagee to be signed in their corporate names by their duly authorized officers.

BRANCH BANKING & TRUST COMPANY

By: 
SCVILK President

BB&T COLLATERAL SERVICE CORP.

By: 
S J President



My Commission Expires: 5/14/2010

Tracy L. Brown
Notary Public

WITNESS my hand and official seal this the 24 day of October, 2008.

I, Tracy L. Brown, a Notary Public of said State and County, certify that C. Phineas Mason, Jr. personally came before me this day and acknowledged that he is Sr. V.P. of BB&T COLLATERAL SERVICE CORP., and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Sr. V.P. President.

STATE OF NORTH CAROLINA
COUNTY OF Forsyth



My Commission Expires: 5/14/2010

Tracy L. Brown
Notary Public

WITNESS my hand and official seal this the 24 day of October, 2008.

I, Tracy L. Brown, a Notary Public of said State and County, certify that Brett Barnes personally came before me this day and acknowledged that he is Sr. V.P. of BRANCH BANKING & TRUST COMPANY, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Sr. V.P. President.

STATE OF NORTH CAROLINA
COUNTY OF Forsyth

10-27-2008 14:46:32.000
B2851 P1206
Robert J. Robinson
Brunswick County, NC Register of Deeds page 56 of 95



EXHIBIT "A"

LAND INITIALLY SUBMITTED

BEING ALL of that property in **Phase 1, Section 1, Compass Pointe**, as the same is shown on map thereof recorded in Map Book 54, Pages 55 and 56 of the Brunswick County Registry; and

BEING ALL of that property in **Phase 2, Section 3A, Compass Pointe**, as the same is shown on map thereof recorded in Map Book 55, Pages 56, 57, 58 and 59 of the Brunswick County Registry; and

BEING ALL of that 100 foot wide tract of land located shown on the map recorded in Map Book 52, Page 88 of the Brunswick County Registry and more particularly described as that tract which begins at a point on the southwestern line of the 100' CP&L easement shown in Map Book 52, Page 88, which Point of Beginning is located N89°20'58"E 3,048.23 feet from N.C.G.S. Monument "Crossover" N=188,860.751' E=2,272,592.302'; and runs thence S23°24'10"W 1276.15 feet to a point in the northern right-of-way line of U.S. Highway 74/76; and runs thence along said right-of-way line S63°25'26"E 100.15 feet to a point; and runs thence N23°29'25"E 1275.93 feet to a point in the southwestern line of said CP&L easement; and runs thence N63°21'07"W for approximately 100 feet to the Point of Beginning.

BEING any portion or all of that real property within a five (5) mile radius of the real property described on Exhibit "A" attached hereto and incorporated herein by reference.

LAND SUBJECT TO ANNEXATION

EXHIBIT "B"

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EXHIBIT "C"

INITIAL RESTRICTIONS AND RULES

The following restrictions shall apply to all of Compass Pointe until such time as they are amended, modified, repealed, or limited pursuant to Article III of this Declaration.

1. **General.** The real property described in **Exhibit "A,"** together with such additional property as is subjected to the Declaration, shall be used only for residential, single family and multi-family residential, rental apartments only if operated by Declarant or its assign, recreational, and related purposes (which may include, without limitation, one or more information centers, model homes, and/or sales offices for any real estate broker retained by Declarant to assist in the sale of property described in **Exhibit "A"** or **Exhibit "B,"** offices for any property manager retained by the Master Association, or business offices for Declarant or the Master Association) consistent with this Declaration and any Supplemental Declaration.

2. **Restricted Activities.** The following activities are prohibited within Compass Pointe unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking any vehicles on public or private streets or thoroughfares or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, motorcycles, mopeds, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. All parties are also hereby notified that, in the event any dog kept or maintained on a Unit or within Compass Pointe barks excessively, continuously or in a manner that constitutes a nuisance, the Board may require the Unit Owner to employ a collar or other device 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). Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed and inoculated as required by law. All pet owners within Compass Pointe shall be obligated to clean up after their pets (including without limitation, the removal and disposal of excrement);

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity which violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit and except that Declarant may burn certain materials during its development of Compass Pointe;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes (provided that Declarant shall be entitled to permit reasonable variances to this restriction);

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within Compass Pointe, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant may dump and bury rocks, trees or any other inert debris in the Common Area during its development of Compass Pointe;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick-ups, and then only in approved containers;

(l) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Master Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and Recorded, without Declarant's written consent and joinder (it being understood that Declarant shall be permitted to subdivide or replat Units which it owns);

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within Compass Pointe, except in those areas designated by Declarant and except that Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and to draw Water from lakes, ponds, and streams within Compass Pointe for purposes of irrigation and such other purposes as Declarant shall deem desirable. Neither the Declarant nor the Master Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to Compass Pointe. Notwithstanding the foregoing, fishing from the shore of certain bodies of water within Compass Pointe specifically designated by Declarant may be allowed, subject to rules issued by Declarant or the Master Association

Except as otherwise provided in this subparagraph (n), the use of boats or watercraft in excess of sixteen (16) feet in length is not permitted upon the ponds, lakes and watercourses within Compass Pointe. The use of kayaks, canoes, skulling craft or other such vessels exceeding sixteen (16) feet in length may be permitted on a case-by-case basis subject to the approval of the Board (and, during the Class "B" Control Period, subject to the additional approval of the Declarant). The approval of the Board and/or Declarant may be granted or withheld in such party's sole and absolute discretion. The use of gas



motors will not be allowed; provided, however, electric trolling motors may be used on permitted watercraft. The use of any boats upon the waters of Compass Pointe shall be subject to additional reasonable rules and regulations that may be promulgated by the Board from time to time.

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program with respect to Units which it owns and Declarant reserves the right to supplement, create exceptions to, or otherwise modify the terms of this subsection in order to reflect the different character and intended use of certain Neighborhoods or portions thereof within Compass Pointe;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge and Declarant reserves the right to designate certain Common Area(s) to serve as firearm training areas and/or skeet shooting areas;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Master Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article IV, provided that any fuel tanks greater than 100 gallons must be underground and any fuel tanks 100 gallons or less must be heavily landscaped or hidden by ARC approved fencing, masonry or landscaping;

(r) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for Compass Pointe; (iii) the business activity does not involve door-to-door solicitation of residents of Compass Pointe; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Compass Pointe which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of Compass Pointe and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of Compass Pointe, as may be determined in the Board's sole discretion; and except that the Master Association may occasionally hold community-wide sales open to the Owners and the public

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the providers family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Builder approved by Declarant with respect to its development and sale of Compass Pointe or its use of any Units which it owns within Compass Pointe, including the operation of a timeshare or similar program;

(s) The Declarant reserves for itself and the Master Association all rights within Compass Pointe for wildlife management in compliance with applicable laws. Owners are prohibited from capturing, trapping, or killing of wildlife within Compass Pointe without the express written permission



of Declarant and the Board, except in circumstances posing an imminent threat to the safety of persons using Compass Pointe or where the Declarant, in its sole discretion, deems wildlife management desirable for the benefit of Compass Pointe;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Compass Pointe or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article IV;

(v) Recreational pathways within Compass Pointe may be used only by bikes, pedestrians, and pedestrian moving devices which are quiet and otherwise satisfy the requirements of this section. "Pedestrian moving devices" used within Compass Pointe shall not exceed the size of a standard golf cart or touring cart used by the Declarant or its assigns, nor shall any such devices exceed a weight of 15 pounds per square foot dead load (or 100 pounds per square foot live load) if used on any wooden pathways, including, but not limited to, boardwalks, bridges, ramps, decks or the like. [Provided however, Section 15.1 of the Declaration provides that Private Amenity owners may limit the use of golf carts within said Private Amenity by size, style, color, etc.] Persons using pedestrian moving devices upon wooden structures within Compass Pointe 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;

(w) The roads within Compass Pointe 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. The Association is entitled 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 and may be enforced in accordance with the provisions of Article VIII.

(x) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of this Declaration. This shall include, without limitation, signs, basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind; satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna for FRS, marine, HAM, and public information services and the like are permitted so long as they are not readily visible from the street or surrounding Units and so long as they do not project above the roof line of the structure on the Unit ;

(iii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or



(iv) an antenna that is designed to receive television broadcast signals; (collectively, "Permitted Antennas") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Architectural Design Standards, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and its designees or assigns shall have the right, without obligation, to erect aerial, satellite dishes, or other apparatus in the Common Area or any property it owns within Compass Pointe for master antennas, cables, or other communication systems for the benefit of all or a portion of Compass Pointe and/or other property, should any master system or systems be utilized by the Declarant and its designees and assigns and require such exterior apparatus.

3. Prohibited Conditions. The following shall be prohibited at Compass Pointe:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Compass Pointe (Declarant hereby reserves the right and the option to designate and require certain minimum maintenance standards for all unimproved Units and to enforce such standards in accordance with Section 7.5 of the Declaration)

(b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair; and

(c) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within Compass Pointe, except that Declarant and its designees and assigns shall have the right to draw water from such sources.

4. Leasing of Units. "Leasing," for purpose of this Paragraph, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Leasing of any Unit, other than Units owned or managed by the Declarant or Declarant's assigns as evidenced by a written assignment, for a period of less than six (6) months are prohibited within Compass Pointe unless expressly authorized by, and then subject to such conditions as may be imposed by the Board of Directors. All leases shall be in writing. The Board may require a minimum lease term, which requirements may vary from Neighborhood to Neighborhood. Notice of any lease, together with such additional information as may be required by the board, shall be given to the Board by the Unit Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the Restrictions and Rules.

COMPASS POINTE MASTER ASSOCIATION, INC.

OF

BY-LAWS

EXHIBIT "D"


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**BY-LAWS
OF
Compass Pointe MASTER ASSOCIATION, INC.**

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

1.1. Name.

The name of the corporation is Compass Pointe Master Association, Inc. (the "Master Association").

1.2. Principal Office.

The Master Association's principal office shall be located in Brunswick County, North Carolina. The Master Association may have such other offices, either within or outside Compass Pointe, as the Board of Directors may determine or as the Master Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms not defined herein shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for Compass Pointe Residential Property, as it may be amended (the "Declaration"), unless the context indicates otherwise.

**ARTICLE II
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES**

2.1. Membership.

The Master Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

Master Association meetings shall be held at the principal office of the Master Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The Master Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Master Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings. Annual meetings may be conducted electronically (i.e., via the Internet, intranet, or teleconference) if, and to the extent, permitted by law.

2.4. Special Meetings.

The President may call special meetings. It shall also be the President's duty to call a special meeting if so directed by Board resolution or upon a petition signed by Voting Members representing at least 10% of the total Class "A" votes of the Master Association.



2.5. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Alternatively, written notice of each meeting of Members may be given by or at the direction of the Secretary or other person authorized to call the meeting by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Member.

Such notice shall also specify the purpose or purposes for which the meeting is called and the items on the agenda, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or By-Laws of the Master Association, any budget changes, and any proposal to remove a director or officer.

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

If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the Master Association's records, with postage prepaid. Notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may waive, in writing, notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If the Master Association cannot hold a meeting of the Members because a quorum is not present, a majority of the Voting Members who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called; provided however, in the event any meeting is adjourned and reconvened due to lack of a quorum, the quorum requirement applicable to such reconvened meeting shall be one-half ($\frac{1}{2}$) of the quorum requirement applicable at the meeting adjourned due to a lack of a quorum.

If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

Members' voting rights shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

Voting Members may not vote by proxy but only in person or through their designated alternates; provided, any Voting Member who is only entitled to cast the vote(s) for his or her own Unit(s) pursuant to the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Member to represent the Neighborhood of which the Unit is a part. On any matter as to which a Member is entitled personally to cast the vote for his or her Unit, such vote may be cast in person or by proxy, subject to the limitations of North Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws.

Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Master Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given, (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Members representing seventy percent (70%) of the total Class "A" votes in the Master Association shall constitute a quorum at all Master Association meetings. In the event that the Owners are entitled personally to cast votes attributable to their respective Units rather than the Voting Members, then the presence of Owners representing thirty percent (30%) of the total Class "A" votes in the Master Association shall constitute a quorum at such Master Association meetings.

2.12. Conduct of Meetings.

The President shall preside over all meetings of the Master Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other business occurring at such meetings.



2.13. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Master Association. Such consents shall be filed with the Master Association's minutes and shall have the same force and effect as a vote of the Voting Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Voting Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

**ARTICLE III
BOARD OF DIRECTORS: SELECTION, MEETINGS, POWERS**

A. Composition and Selection.

3.1. Governing Body; Composition.

The Board of Directors shall govern the Master Association's affairs. Each director shall have one (1) vote. Except for directors appointed by the Class "B" Member, directors shall be Members or residents. However, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person eighteen (18) years of age or older whose principal residence is a Unit within Compass Pointe. If a Member is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Master Association signed by such Member. However, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors.

The Board shall consist of two (2) to seven (7) directors, as provided in Sections 3.3 and 3.5. The initial Board shall consist of two (2) directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

The Class "B" Member shall have complete discretion in appointing its directors under Section 3.5. Class "B" Member-appointed directors shall serve at the pleasure of the Class "B" Member.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations also may be permitted from the floor.



Except with respect to directors selected by the Class "B" Member, a Nominating Committee may also make nominations for election to the Board. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three (3) or more Members or representatives of Members, with at least one representative from each Voting Group. Members of the Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting to serve a term of one (1) year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" votes, and for the director(s) to be elected by the votes within each Voting Group. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

3.5. Election and Term of Office.

Except as these By-Laws may otherwise specifically provide, election of directors shall take place at the Master Association's annual meeting. Notwithstanding any other provision of these By-Laws:

(a) Within thirty (30) days after the time that Class "A" Members other than Builders own 33% of the Units proposed by the Master Plan for the property described in **Exhibit "A"** and/or **Exhibit "B"** of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to three (3) directors. The President shall call for an election by which the Voting Members shall be entitled to elect one of the three directors, who shall be an at-large director. The remaining directors shall be appointees of the Class "B" Member. The director elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within thirty (30) days after the time that Class "A" Members other than Builders own 50% of the Units proposed by the Master Plan for the property described in **Exhibits "A"** and **"B"** of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Voting Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. Directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c), whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c), successors shall be elected for a like term.

(c) Within ninety (90) days after termination of the Class "B" Control Period, the President shall call for an election by which the Voting Members shall be entitled to elect three of the five directors, who shall serve as at-large directors. The remaining two directors shall be appointees of the Class "B" Member. Directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting is scheduled to occur within ninety (90) days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (d).

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period, the Board shall be increased to seven directors and an election shall be held. Six directors shall be elected by the Voting Members, with an equal number of directors elected by the Voting Members representing each Voting Group and any remaining directorships filled at large by the vote of all Voting Members. Three directors shall serve a term of two years and three directors shall serve a term of one year, as such directors determine among themselves.

Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint one director. Upon termination of the Class "B" membership, the director elected by the Class "B" Member shall resign and the remaining directors shall be entitled to appoint a director to serve until the next annual meeting, at which time the Voting Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two years.

Upon expiration of the term of office of each director elected by the Voting Members, Voting Members entitled to elect such director shall be entitled to elect a successor to serve a term of two years. Directors elected by the Voting Members shall hold office until their respective successors have been elected.

The Master Association shall publish the names and addresses of all officers and directors within thirty (30) days of their election.

3.6. Removal of Directors and Vacancies.

Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Master Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

Any director whom the Board appoints shall be selected from among Members within the Voting Group represented by the director who vacated the position.

This Section shall not apply to directors appointed by the Class "B" Member or to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.



B. Meetings.

3.7. Organizational Meetings.

The first Board meeting following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as the Board shall fix.

3.8. Regular Meetings.

Regular Board meetings may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings.

Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, fiber optics or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Master Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

(b) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present

shall constitute the Board's decision, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. If a quorum is present at the reconvened meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Conduct of Meetings.

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

3.14. Open Meetings, Executive Session.

(a) Except in an emergency, notice of Board meetings shall be posted at least forty-eight (48) hours in advance of the meeting at a conspicuous place within the Properties which the Board establishes for the posting of notices relating to the Master Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.15 herein, all Board meetings shall be open to all Voting Members and, if required by law, all Owners; but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(b) Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.15. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for the administration of the Master Association's affairs and for performing all responsibilities and exercising all rights of the Master Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on behalf of the Master Association all acts and things except those the Governing Documents or North Carolina law require to be done and exercised exclusively by the Voting Members or the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;
- (b) levying and collecting such assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;
- (d) designating, hiring, and dismissing personnel necessary to carry out the Master Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Master Association in a bank depository which it shall approve, and using such funds to operate the Master Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;
- (f) making and amending use restrictions and rules in accordance with the Declaration;
- (g) opening bank accounts on behalf of the Master Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;
- (i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Master Association; provided, the Master Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Master Association;
- (l) keeping books with detailed accounts of the Master Association's receipts and expenditures;
- (m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Master Association as provided in Section 6.4 herein;
- (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;
- (o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Master Association to the extent such indemnity is required by North Carolina law, the Articles of Incorporation or the Declaration; and
- (p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.



3.18. Compensation.

The Master Association shall not compensate any Director for acting as such unless approved by Voting Members representing a majority of the total Class "A" votes in the Master Association. Any director may be reimbursed for expenses incurred on behalf of the Master Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Master Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Master Association in a capacity other than as a director pursuant to a contract or agreement with the Master Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director, and otherwise complies with the By-laws and/or any other policies or procedures of the Master Association.

3.19. Right of Class "B" Member to Disapprove Actions.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Master Association, the Board and/or any committee, which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of Compass Pointe, or diminish the level of services being provided by the Master Association, or, in the opinion of the Declarant, be inconsistent with the Community Wide Standard.

(a) Notice. The Master Association, the Board, and each committee shall give the Class "B" Member written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting). Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Master Association's Secretary, which notice complies as to Board meetings with Sections 3.8, 3.9, 3.10, and 3.11 herein and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting; and

(b) Opportunity to be Heard. The Master Association, the Board, and each committee shall give the Class "B" Member the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ninety (90) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ninety (90) days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Master Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Master Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.



3.20. Management.

The Board may employ a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or those duties set forth in these By-Laws in Sections 3.17(a) (with respect to adoption of the budget), 3.17(b), 3.17(f), 3.17(g) and 3.17(i). Declarant or its affiliate may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

3.21. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Master Association shall not be commingled with any other accounts;
- (d) the managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Master Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; the Master Association shall benefit from any thing of value received;
- (e) any financial or other interest the managing agent may have in any firm providing goods or services to the Master Association shall be disclosed promptly to the Board;
- (f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Master Association at least quarterly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period; and
 - (v) a delinquency report listing all Owners who are delinquent in paying any at the time of the report and describing the status of any action to collect such assessments which remain

delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available to all Members at no charge within seventy-five (75) days after the close of the fiscal year: (i) expenses, (ii) a balance sheet; (iii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant, provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Master Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

3.22. Borrowing.

The Master Association may borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt included within the previous period, exceeds or would exceed ten percent (10%) of the Master Association's budgeted gross expenses for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least eighty percent (80%) of the total Class "A" votes (plus, during the Class "B" Control Period, the written consent of Declarant).

3.23. Right to Contract.

The Master Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents Master Associations, within and outside Compass Pointe. Any common management agreement shall require the consent of a majority of the Board.

3.24. Enforcement.

The Master Association may enforce and impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than fifteen (15) days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice (including the collection of court costs and reasonable attorneys' fees) unless a challenge is begun within fifteen (15) days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 15-day period, the hearing shall be held before the Board in executive session or before an adjudicatory panel appointed by the Board (an "Adjudicatory Panel"). Any Adjudicatory Panel appointed by the Board shall be composed of Members



of the Master Association who are not officers of the Master Association or members of the Board. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

If it is decided at the hearing that a fine should be imposed, a fine not to exceed One Hundred Dollars (\$100.00) (or the highest amount permitted by law applicable at the time of imposition) may be imposed for the violation and without further hearing, for each day more than five (5) days after the decision that the violation occurs. Such fines shall be assessments secured by liens under Article 8 of the Declaration. If it is decided that a suspension of planned community privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. The Owner may appeal the decision of an Adjudicatory Panel to the full Board by delivering written notice of appeal to the Board within fifteen (15) days after the date of the decision. The Board may affirm, vacate, or modify the prior decision of the Adjudicatory Panel.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may, to the extent permitted by law, elect to enforce any provision of the Governing Documents by self-help help [specifically including, but not limited to, towing vehicles (including all of those listed in Exhibit C, Section 2[a] of the Declaration), and removing any structure or improvement (as said terms are defined in Section 4.1 of the Declaration) that violate the Governing Documents] or, following compliance with the dispute resolution procedures set forth in the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass. The enforcement rights and sanctions set out in Section 3.24 herein are in addition to and not in limitation or in lieu of any enforcement rights or remedies set out in the Governing Documents.

3.25. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable North Carolina corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be afforded an opportunity to review the books and records of the Master Association and any information reasonably available to the Master Association, within a reasonable time after election, in order to foster awareness of the Master Association's governance, operations, and concerns, and the duties and responsibilities of directors and officers.

In a similar manner, the Board may provide or provide for Owner and resident education and training opportunities designed to foster awareness of Compass Pointe's governance, operations, and concerns. The Board may conduct or provide for training and information classes designed to educate Neighborhood Representatives and Class "A" Members of the nomination, election, and voting processes and the duties and responsibilities of directors and officers, as provided in Section 3.4 herein.



3.26. Board Standards.

In the performance of their duties, Master Association directors and officers shall be insulated from personal liability to the maximum extent provided by North Carolina law for directors and officers of nonprofit corporations, and as otherwise provided in the Governing Documents. Directors are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

As defined herein, a director shall be acting in accordance with the business judgment rule so long as the director (a) acts within the express or implied terms of the Governing Documents and his or her actions are not *ultra vires* (i.e., outside the scope of the director's authority); (b) affirmatively undertakes to make decisions which are necessary for the Master Association's continued and successful operation and, when decisions are made, they are made on an informed basis; (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in decisions and actions when a conflict exists; and (d) acts in a non-fraudulent manner and without reckless indifference to the Master Association's affairs. A director acting in accordance with the business judgment rule shall be protected from personal liability.

Board determinations of the meaning, scope, and application of Governing Documents provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

3.27. Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, no Class "A" Director may transact business with the Master Association as a vendor, service provider, or contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the directors relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. The Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, directors appointed by the Class "B" Member may be employed by or otherwise transact business with Declarant or any affiliate of Declarant, and Declarant and its affiliates may transact business with the Master Association or its contractors.

The initial Board shall create and adopt a written "Code of Ethics" applicable to all directors and officers. The Code of Ethics shall incorporate the above standards and other conduct rules it deems appropriate. At a minimum, the Code of Ethics shall require each officer and director to conduct himself or herself in manner consistent with the Board Standards described in Section 3.26. Each officer and director, as a precondition to service, shall acknowledge and agree, in writing, to abide by the Code of Ethics. The Board must approve any amendment to the Code of Ethics.

3.28. Member Comment at Board Meetings.

At regular intervals, the Board shall provide Members an opportunity to attend a portion of a Board meeting and to speak to the Board about their issues or concerns. The Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.



**ARTICLE IV
OFFICERS**

4.1. Officers.

The Master Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. The same person may hold any two or more offices, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the Master Association's officers at the first Board meeting following each annual meeting of the Voting Members, to serve until their successors are elected. The Master Association shall publish the names and addresses of all officers and directors within thirty (30) days of their election.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Master Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

(a) The Master Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the Master Association's chief executive officer. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

(b) With regard to any amendment of the Declaration by the Master Association as provided in Sections 9.2 and 19.2 of the Declaration, the President of the Master Association shall have the authority to prepare, execute, certify and record any amendment to the Declaration by the Master Association and the Secretary shall attest the signature of the President.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

At least two officers or such other person(s) as the Board may designate shall execute the Master Association's agreements, contracts, deeds, leases, and other instruments.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.18 herein.

**ARTICLE V
COMMITTEES**

5.1. General.

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee.

In addition to any other committees the Board may establish pursuant to By-Laws Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Master Association and shall conduct all hearings held pursuant to By-Laws Section 3.24.

5.3. Neighborhood Committees.

In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or Neighborhood Association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Master Association in addition to those provided to all Members of the Master Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue but shall not have the authority to bind the Board. Such Neighborhood Committees, if elected, shall consist of three (3) to five (5) Members, as determined by the vote of at least fifty-one percent 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Neighborhood Committee. The Voting Member representing such Neighborhood shall be the chairperson of the Neighborhood Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under By-Laws Sections 3.8, 3.9, 3.10, and 3.11. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

**ARTICLE VI
MISCELLANEOUS**

6.1. Fiscal Year.

The Master Association's fiscal year shall be the calendar year unless the Board establishes a



different fiscal year by resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of any proceedings of the Master Association (including, without limitation, meetings of the Board), any Neighborhood Association, or any Neighborhood Committee when not in conflict with North Carolina law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of North Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) The Master Association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to any specific information that is required by these By-laws to be assembled and reported to the Members at specified times, the Master Association shall make an annual income and expense statement and balance sheet available to all Members at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. Notwithstanding anything herein to the contrary, a more extensive compilation, review, or audit of the Master Association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the Board or by the affirmative vote of a majority of the Class "A" vote of the Master Association voting in person or by proxy at any annual meeting or any special meeting duly called for that purpose.

(b) All financial and other records, including records of meetings of the Master Association and Board, shall be made reasonably available for examination by any Member and the Member's authorized agents as required in the By-Laws and Chapter 55A of the North Carolina General Statutes. Additionally, the Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Master Association's office or at such other place within Compass Pointe as the Board shall designate. Subject to the foregoing, the Board shall establish rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested.

(c) The Master Association, upon written request, shall furnish to a Member or the Member's authorized agents a statement setting forth the amount of unpaid assessments and other charges against a Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Master Association, the Board, and every Member.

(d) In addition to the limitations of Article 8 of Chapter 55A of the North Carolina General Statutes, no financial payments, including payments made in the form of goods and services, may be made to any officer or member of the Board or to a business, business associate, or relative of an officer or member of the Board, except as expressly provided for in these By-Laws or in payments for services or expenses paid on behalf of the Master Association which are approved in advance by the Board.

(e) Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Master Association and the physical properties owned or controlled by the Master Association. A director's right of inspection includes the right to make a copy of relevant documents at the Master Association's expense.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member;

(b) if to the Master Association, the Board, or the managing agent, at the principal office of the Master Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to any committee, at the principal address of the Master Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Any written notice required to be provided pursuant to the Governing Documents may be provided in accordance with the provisions of the applicable Governing Document, or 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. Notice given electronically shall be deemed to be delivered when dispatched, unless an error message is reported back to the sending system.

6.6. Amendment of By-Laws.

(a) By Class "B" Member. Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these By-Laws. Thereafter, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Master Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By- Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 51% of the total Class "A" votes in the Master Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting President of Compass Pointe Master Association, Inc., a North Carolina corporation;

That the forgoing By-Laws constitute the original By-Laws of said Master Association, as duly adopted at a meeting of the Board of Directors thereof held on the 23rd day of October, 2008.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Master Association this 23rd day of October, 2008.

Robert C. R. Egan (SEAL)
President



Presenter MTG Ref FS
7 Total 26 Fee 10 LLC
Ck \$ 52 Cash \$ 5100
Refund _____ Credit _____ Finance _____
ET Payment of tax, not a fee, for each decedent
of age 3.
 If you are claiming credit, attach a copy of
the appropriate form to the declaration of tax.

**AMENDMENT AND
SUPPLEMENTAL DECLARATION TO MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
COMPASS POINTE
ANNEXING REAL PROPERTY**

Prepared by: MURCHISON, TAYLOR, & GIBSON, PLLC
16 North Fifth Avenue, Wilmington, NC 28401

NORTH CAROLINA

BRUNSWICK COUNTY

This SUPPLEMENTAL DECLARATION TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COMPASS POINTE ANNEXING REAL PROPERTY ("Supplemental Declaration") is made as of February, 12th, 2016, by CP BRUNSWICK, LLC, a North Carolina limited liability company ("DECLARANT").

WITNESSETH:

WHEREAS, YDV, Inc. heretofore executed that certain Master Declaration of Covenants, Conditions and Restrictions for Compass Pointe and caused the same to be recorded in **Book 2851, Page 1141** in the Brunswick County Registry (as the same may be amended and/or supplemented, the "Declaration");

WHEREAS, YDV, Inc. subsequently assigned all of its Declarant's Rights to DECLARANT pursuant to that Assignment recorded in Book 3225, Page 1069 in the Brunswick County Registry;

WHEREAS, in Article 9 of the Declaration, the DECLARANT reserved the right to annex additional properties to the Declaration and subject such properties to additional covenants by recording a Supplemental Declaration;



WHEREAS, in Section 11.11 and Section 18.1 of the Declaration, the Declarant reserved the right to amend the Declaration and subject Compass Pointe to additional covenants including but not limited to stormwater restrictions;

WHEREAS, the DECLARANT desires for the additional property described herein to be annexed and made subject to the Declaration; and

WHEREAS, the DECLARANT desires to amend the Declaration to clarify the maximum built upon area, including impervious surfaces, applicable to the property being annexed hereunder, and to describe the alley serving such property.

NOW THEREFORE, in accordance with its rights under Article 9, Section 11.11 and Section 18.1 of the Declaration, the DECLARANT does hereby amend and supplement the Declaration as follows:

A. DECLARANT hereby subjects all of the property described in Exhibit A attached hereto and incorporated herein by reference (the "Property"), to the provisions of the Declaration and annexes such real property into Compass Pointe.

B. DECLARANT hereby supplements the requirements for minimum heated square footage in Section 4.3 of the Declaration as follows:

Neighborhood Name	Phase #	Section #	Lot/Unit #	Required Minimum Heated Square Footage - One Story	Required Minimum Heated Square Footage - Two Stories
Heron Park	12	3	29, 30A, 30B, 53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 57, 58A, 58B, 59A, 59B	1,500 sq. ft.	1,800 sq. ft.

C. DECLARANT hereby supplements Section 5.6 of the Declaration by the following lots (as more particularly described in Exhibit A attached hereto) to the definition of "Lawn Maintenance Units" and subjecting said lots to the covenants and requirements more particularly described in Section 5.6 of the Declaration:

Neighborhood Name	Phase #	Section #	Lot/Unit #
Heron Park	12	3	29, 30A, 30B, 53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 57, 58A, 58B, 59A, 59B



D. DECLARANT hereby supplements Section 5.7 of the Declaration by the following lots (as more particularly described in **Exhibit A** attached hereto) to the definition of "Townhome Units" and subjecting said lots to the covenants and requirements more particularly described in Section 5.7 of the Declaration:

Neighborhood Name	Phase #	Section #	Lot/Unit #
Heron Park	12	3	30A, 30B, 53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 58A, 58B, 59A, 59B

E. DECLARANT hereby adds a new Section 5.8, Alleys of the Declaration as follows:

5.8. Alleys.

As to those Units listed below or added in the future by Supplemental Declaration (collectively, the "Alley Units"), each Owner of an Alley Unit (collectively, the "Alley Unit Owners") hereby agrees that an alley (the "Alley") shall be constructed by Declarant within the alley area described below. Once constructed, the Alley shall be deemed to serve the Alley Units over which that Alley runs and/or touches, and each of those Alley Units, along with the Declarant and the Association, shall have a nonexclusive ingress and egress easement over such Alley in order to access his/her Unit. The Master Association shall be responsible for the maintenance, repair and replacement of the Alley(s) within Compass Pointe and shall have all necessary easements over the Alley Units in order to fulfill its maintenance responsibilities. All expenses of maintaining, repairing and replacing such Alleys shall be assessed as a Service Assessment pursuant to Section 8.6 of the Declaration at a uniform rate to the Owners of the respective Alley Units.

The Alley Units are all of those Units within the following phases and sections:

Neighborhood Name	Phase #	Section #	Alley Units	Description of Alley
Heron Park	12	3	53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 57	"Alley A" as shown on Map Book 93, Page 30

E. DECLARANT hereby supplements Section 11.12(a) of the Declaration as follows:

11.12. Site Coverage and Stormwater Runoff Rules.

(a) The following restrictions in this Paragraph 11.12(a) shall apply *only* to that property described in **Exhibit A**, attached to this Supplemental Declaration and incorporated herein by reference.

(1) The restrictions in this Section 11.12(a) are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8080428 as amended, as issued by the Division of Water Quality under NCAC 2H.1000 and any subsequently issued permits or modifications thereof (the "Permit").



(2) The State of North Carolina is made a beneficiary of the covenants contained in this Section 11.12(a) to the extent necessary to maintain compliance with the Permit.

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

(4) The covenants contained in this Section 11.12(a) pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality, or its successor agency.

(5) Alteration of the drainage as provided in the Permit may not take place without the concurrence of the Division of Water Quality, or its successor agency.

(6) The maximum allowable built-upon area per lot, in square feet, is:

Neighborhood Name	Phase #	Section #	Lot #	Maximum Built Upon Area - Sq. Ft.
Heron Park	12	3	29, 30A, 30B, 53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 57, 58A, 58B, 59A, 59B	4,500 sq. ft.

These allotted amounts include any built-upon area constructed within the property boundaries and that portion of the right-of-way between the front lot lines and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools.

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

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

F. DECLARANT, being the owner or having all of the rights in and to the Property, hereby declares that the Property shall be held, sold, and conveyed subject to the Declaration, as amended by this Supplemental Declaration, which covenants shall run with title to the Property and shall be binding on all parties having any right, title, or interest in the described Property or any part thereof, and shall inure to the benefit of each owner thereof.



EXCEPT AS AMENDED AND SUPPLEMENTED HEREIN, the Declaration shall be and remain in full force and effect.

CP BRUNSWICK, LLC,
a North Carolina limited liability company

By: Bobby W. Harrelson (SEAL)
Name: BOBBY W. HARRELSON
Title: MANAGER PRESIDENT

STATE OF NORTH CAROLINA

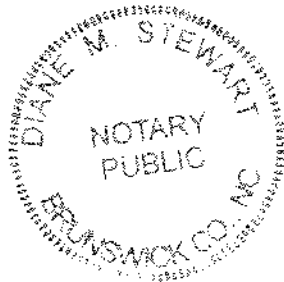
COUNTY OF BRUNSWICK
(County in which acknowledgment taken)

I, DIANE M. STEWART, a Notary Public for BRUNSWICK County, North Carolina, do hereby certify that BOBBY W. HARRELSON, MANAGER PRESIDENT of CP BRUNSWICK, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.

WITNESS my hand and official stamp or seal, this 12TH day of FEBRUARY, 2016.

Diane M. Stewart
Notary Public

My Commission Expires:
6-29-2017



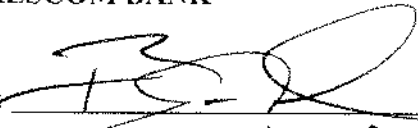


CONSENT OF MORTGAGEE

Crescom Bank is the holder of that certain Deed of Trust and Assignment of Leases and Rents encumbering the property described in the foregoing Supplemental Declaration to Master Declaration of Covenants, Conditions and Restrictions for Compass Pointe (the "Supplemental Declaration"), said Deed of Trust having been filed in **Book 3719 at Page 1259** in the Office of the Register of Deeds of Brunswick County, and said Assignment of Leases and Rents having been filed in **Book 3719, Page 1304** in the Office of the Register of Deeds of Brunswick County (collectively and as the same may be amended, the "Security Instruments") and as holder of such Security Instruments, does hereby consent to the terms, conditions and covenants in the foregoing Supplemental Declaration and agrees that the liens of said Security Instruments are subordinate to and subject to the terms, conditions and covenants contained in said Declaration and Supplemental Declaration.

In witness whereof, **Crescom Bank** has caused this Consent of Mortgagee to be signed in its company names by its duly authorized member/officer.

CRESCOM BANK

By: 
 Name: BRIAN WALKER
 Title: VICE PRESIDENT

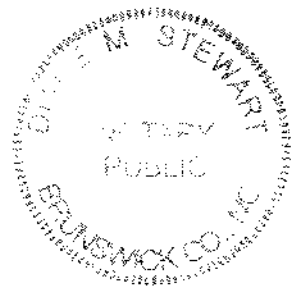
STATE OF NORTH CAROLINA
 COUNTY OF BRUNSWICK

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document: BRIAN WALKER
 [Name of person signing]

Today's Date: FEBRUARY 12, 2016 
 [Notary's signature as name appears on seal]

DIANE M. STEWART
 [Notary's printed name as name appears on seal]

My commission expires: 6-29-2017



[Affix Notary Seal in Space Above]



B3736 P0084 02-15-2016
Brenda M. Clemmons 06:35:06:001 PROP
of Deeds page 7 of 7

EXHIBIT A

BEING ALL of that property shown on a plat entitled "Map of Revision - Heron Park at Compass Pointe, Phase 12 - Section 3" and recorded in Map Book 93, Page 30 of the Brunswick County Registry, reference to which plat is hereby made for a more particular description.

Social Events

- Each social event is required to have a minimum of 10 people to schedule the Community Room.
- It is recommended that parties, such as Birthday Celebrations, be scheduled for the Grand Lanai. The expensive rubber tile flooring in the Community Room is difficult to clean up any types of spills, and the soft material is subject to damage easily.
- Scheduled events are limited to 4 times per month. However, if such schedule regularly prevents other groups from using the Community Room, on behalf of the On-Site Kuester Manager, the Wellness Committee has been given the authority to make scheduling adjustments on future scheduled events to encourage use of the Community Room for other members.

Meeting Events: Include educational classes, art classes, Committee meetings, Compass Pointe Development Team Sales/Training Classes.

- Each meeting event is required to have a minimum of 8 people to reserve the Community Room.
- The On-Site Manager does not have the authority to make scheduling adjustments for classes when residents are required to pay a fee in advance.

Scheduling Process

- All scheduling for the Community Room must be in writing and submitted via the schedule request form found on the Compass Pointe Owners' Website under the Calendar tab.
- All classes to be held in the Community Room must be coordinated through the Wellness Center Committee.
- The calendar will appear on the Compass Pointe website. Individuals interested in scheduling the Community Room are required to check the calendar prior to submitting a request.
- Ongoing social activities can be scheduled no further than three months in advance.
- Compass Pointe MOA Committees may schedule the Community Room further in advance.
- Classes have priority over all other activities in the Community Room. Activities requiring scheduling approval, may be bumped to accommodate new classes, if needed.

Community Room Rules

- Residents or outside vendors are not permitted to sell any products in the Wellness Center.
- All residents and/or guests must wear shirts or cover ups when in the Community Room.
- No bathing suits allowed.
- The maximum number of people allowed in the Community Room at any given time is 50.
- Property Owners/Residents are responsible for the behavior and conduct of their guests. Public nuisance and intoxication are not permitted at any time.
- The Community Room is to be left in the same condition in which it was found after each use. It is the sole responsibility of the Property Owners/Residents who schedule the room to be responsible for leaving the room in the same condition in which it was originally found. Property Owners/Residents will be held responsible for any additional janitorial charges needed to restore the room to its original condition prior to each use.
- The Community Room is a Green facility, trash should be discarded in the appropriate trash receptacles. All trash must be removed and disposed of in the green dumpster on the tennis court side of the Grand Lanai. All recyclable products are to be placed in the Recycling Bin, which is located near the ice machine in the hallway.
- Food and drinks are permitted but must be removed at the conclusion of each activity. All surfaces must be left clean. No spills or food particles can be left on any surfaces including countertops, tables and floor.
- No glass containers are allowed in the Community Room.
- Be sure the dishwasher and refrigerator are emptied after each use. Any items left behind will be disposed of and owner will not be reimbursed for replacement.
- Smoking, including all vapor products, is not permitted inside the Community Room or any part of The Wellness Center including patio, sidewalks, and parking area.
- Shoes such as high heels and spiked shoes of any type that can cause damage to the Community room floor are not allowed.
- Open-toed shoes, open-backed shoes, boots, sandals, or casual shoes are allowed in the lobby and Community Room only.
- CPMA is not responsible for any lost or stolen items. (Lost and Found drawer is located in the lounge area under the coffee machine.)
- Fire Code does not allow additional tables and chairs to be placed in the hallways. Return tables and chairs to Community Room closet after each use.
- Overhead lights and fans must be turned off when exiting the room.

Ping Pong Rules

- No sitting on the table.

- No food or drinks permitted on table.
- Do not “bang or hit” the table with paddles or any other item at any time.
- Do not leave personal items on the table, such as purses, coats, coolers, etc.
- Return paddles to storage rack after each use.
- After a ping pong table is used, it must be returned to the closet after use.

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.

Approved Advisory Committee August 21, 2018

Approved Board of Directors August 21, 2018



COMPASS POINTE TENNIS COURT REGULATIONS

Revised 6/23/17

WHO MAY USE THE COURTS

- Compass Pointe Master Association ("CPMA") Members and their Guests only
- Guests must be accompanied by the host member. The number of guests for each MA Member is limited to 3 for doubles, or one for singles.
- Use of the courts for fee-based lessons is only for CPMA Members. Fee-based lessons must be approved by the CPMA Tennis Club and by the CPMA (On-Site Kuester Manager) in advance. All fee-based lesson instructors/providers must provide proof of appropriate liability insurance prior to commencing the lessons.*

**A copy of the declaration sheet must be on file with the Management Company.*

PRIORITY OF PLAY

- There will be a mandatory sign in on a White Board that is located at the Tennis Courts entrance for anyone utilizing the Compass Pointe Tennis Courts.
- One person representing a singles or doubles group must sign in and include the exact time they occupied the court and the projected time they will be leaving the court. This is done even if the second court is open.
- Singles play will be allotted 1 hour of playing time from the time of sign in and doubles play will be allotted 1½ hours of playing time.
- Players may stay on the court as long as they want if no one is waiting but if players are waiting to come on the courts and both courts are occupied the first court to reach their allocated time allotment must vacate the court. The second court then becomes the court on the clock.
- Players may re-sign on the White Board if they are bumped off the court and wish to continue play.
- If both courts are occupied new players must sign onto the White Board so there will be a tracking system of who will be the next players in line to take the court. When a court does open up they will notate their starting time before entering the courts.
- Players must be at the courts 10 minutes prior to their scheduled time slot if they are waiting for a court.

- Once a group leaves the court they can either put a line through their names or just erase them. If a board fills up there will be a clean second board to replace the full one.
- These rules apply to all Tennis play including lessons with the Pros.
- These rules do not apply to scheduled Club Open Tennis Clinics or League play for Compass Pointe teams.

RESERVING A COURT

- The Compass Pointe Tennis courts are open for play from 6:00 am until 11:00 pm and are available on a “first-come-first-serve” basis.
- A member may sign up for a court in order to use a ball machine or ball hopper.
- The CPMA Tennis Club may reserve courts (with the approval of the CPMA-[Kuester Management]) for lessons, clinics, tournaments, junior activity, and for league play. The Tennis Club is currently utilizing the courts two times/week for two hours each session. The time schedule for these reserved courts will be posted and determined by the Tennis Club and may vary based on seasonal play. Additional court time may be reserved by the Club based on growth and demand by the residents for the lessons/clinics upon approval by the CPMA.

RULES FOR COURT USE

- COURTS ARE TO BE USED FOR TENNIS ONLY
- Players are required to use tennis shoes (non-black marking shoes) when using the courts, (No jogging or soccer shoes).
- Bicycles, skates, skateboards, rollerblades, wheeled-shoes, baby carriages, playpens, strollers, radios and pets are not allowed on the courts.
- Children who are not playing tennis are not allowed on the tennis courts.
- Please dispose of trash in proper receptacles. No glass containers are allowed on the courts. No alcoholic beverages on the courts.
- Smoking (including all Vapor products) are prohibited within 50 feet of the tennis court areas.
- For a medical emergency call 911. First aid kits are located in the Lanai and Wellness Center.
- Report any violations of unacceptable behavior to the On-Site Kuester Manager (the CPMA).
- If any mechanical or facility maintenance is noted, contact the Amenities Committee.
- You and your guests use of the Tennis courts is at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc., its Members, its Management Co. and other affiliated companies such as CP Brunswick, LLC, Inc. and Kuester Management.

RULES ENFORCEMENT

- The CPMA (represented by Kuester Management) will enforce the rules of court play.
- Failure to adhere to the rules may result in loss of court privileges.

Approved Liaison Committee 6/23/2017

Approved Board of Directors 6/23/2017

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.



Compass Pointe Pickleball Court Rules and Regulations

March 15, 2018

PICKLEBALL COURTS

WHO MAY USE THE COURTS

Compass Pointe Master Association ("CPMA") Members and their accompanied guests. The number of guests for each MOA member is limited to 4.

PRIORITY OF PLAY

- The Pickleball courts have scheduled times reserved for the CP Pickleball Club members as indicated on the calendar on the Compass Pointe owner's website (CPOW).
- During times the courts are scheduled for the Club members, no other players will be allowed on the courts, unless there are empty courts not being used by the Club.
- Play is limited to one hour when other players are waiting.

SCHEDULING A COURT

- The Compass Pointe Pickleball Courts are open for play from dawn to dark and are available on a "first there, first play" basis. No reservation is required. However, if you wish to schedule a play time, please have the information placed onto the CPOW calendar. Please contact a CP Pickleball Club representative if you need assistance in scheduling playing time. If you want to use a court which is presently occupied, let the current players know that you are the next group waiting.
 - Players waiting to play must remain outside the fence.
 - The CPMA Amenities Committee may reserve the courts for lessons, tournaments, junior activity, and for league play
-

RULES FOR COURT USE

- Scheduled play times shall not exceed 2 continuous hours.
- Proper athletic footwear (non-black marking) must be worn while playing Pickleball.
- Pickleball equipment is located in the storage container by the courts. Players are responsible for returning the equipment to the storage container by the court after play time.
- The temporary pickleball net(s) and instructions for assembling the net(s), which may be set up for use on the Basketball Court, are located in the storage container. Contact information can also be found in the storage container listing members of the CP Pickleball Club who can assist with the setting up of the net(s).
- Bicycles, skates, skateboards, rollerblades, wheeled-shoes, baby carriages, playpens, strollers, radios, and pets are not allowed on the court.
- Children not playing Pickleball are not allowed on the court.
- Smoking (including all Vapor products) is prohibited within 50 feet of the Pickleball areas.
- Report any instances of unacceptable behavior around the Courts to Kuester Management at <https://Kuester.com/violations>.
- Please dispose of trash in proper receptacles. No glass containers are allowed on the courts. No alcoholic beverages are allowed on the court.
- For a medical emergency call 9-1-1.
- First aid kits are located in the storage container by the court as well as in the Lanai and Wellness Center.

RULES ENFORCEMENT

- The CPMA (represented by Kuester Management) will enforce the rules of court scheduling. Report any instances of unacceptable behavior to Kuester Management at <https://Kuester.com/violations>.
- Failure to adhere to the rules may result in loss of court privileges.

You and your guests' use of the Pickleball Court is at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc., its Members, its Management Co., and other affiliated companies such as CP Brunswick, LLC, Inc. and Kuester Management.

Any same violations of the rules and regulations will be subject to the Violations Process set forth by the Board of Directors for Covenant violation. In addition, residents are responsible for any damage to any amenity incurred by the resident or their guest due to failure to adhere to the rules and regulations pertaining to that amenity.

Approved by Advisory Committee *August, 21, 2018*
Approved by Board of Directors *August 21, 2018*



Revised 8/10/17

THE POINTE WELLNESS CENTER RULES AND REGULATIONS

HOURS OF OPERATION

- The Wellness Center will be open during the following hours:
 - Monday, Wednesday, and Friday from 4am - 10pm
 - Tuesday, Thursday, Saturday, and Sunday from 4am – 11pm
- All property owners/residents and guests must vacate the facility by closing time to allow for cleaning.
- The last person leaving the facility at night must turn off all fans and lights.
- In the event of a power outage in the Wellness Center the facility will be closed to all residents and guests until the power has been restored and it is safe to enter the premises.

AGE REQUIREMENTS

- No one under the age of 17 is permitted in the facility at any time except in the Community Room and lounge area.
- Children must have adult supervision (parent, grandparent or guardian) at all times in the Community Room and lounge area.

PROPERTY OWNERS/RESIDENTS & GUESTS

- There is no fee for membership to The Pointe Wellness Center.
- The Pointe Wellness Center sponsors a number of classes at a nominal fee payable to the instructor.
- All guests must sign in using the guest book located on the counter.
- For the purposes of this policy, “guests” are those staying overnight, either permanently or temporarily, in a resident’s home. Guests are welcome to use the Wellness Center and to pay the same rate to participate in classes if space is available. Residents must ensure their guests who use the facility are made aware of all the Wellness Center rules. Residents are responsible for any damage done to the facility or equipment by their guests.
- The Wellness Center is not available to friends or relatives who live in the area.

- The Wellness Center has hired certified instructors and personal trainers to provide services for all Compass Pointe residents. Residents are not permitted to bring in an outside personal trainer, instructor, physical therapist, occupational therapist, chiropractor, or the like into the facility at any time to provide individual or group services. There is in place a **one-time exclusion** that requires the resident/patient to contact the WC Committee. If approved it will permit an outside medical services provider to show the patient how to use our equipment for their post rehabilitation.
- Residents are only allowed 2 guests per visit at any time.
- Resident assessments must be current to access the Amenities Facilities, no exceptions.
- After reading the Rules and Regulations and signing a waiver, all residents and property owners 17 years and older can, if desired, be issued key fob to gain entrance into the facility. Key fob replacements will cost each resident/owner \$25. Guest of Compass Pointe can only use Resident or Property Owner key fob. Under no circumstance can a guest receive a key fob for permanent use of Wellness Center.
- Residents or outside vendors are not permitted to sell any products in the Wellness Center.

WORKOUT ATTIRE

- Property Owners/Residents and guests must wear appropriate exercise attire at all times in the designated exercise areas.
- All residents and/or guests must wear shirts or cover ups when in the Wellness Center.
- No jeans, jean shorts, or any article of clothing with zippers or rivets.
- Bathing suits are allowed in the sauna and steam room only.
- No bare feet, unless required by specific exercise class
- Open-toed shoes, open-backed shoes, boots, sandals, or casual shoes are allowed in the lobby and Community Room only.
- Tennis shoes, sneakers, or aerobic shoes must be worn in all exercise areas.
- No personal effects, such as outerwear or gym bags, are permitted in the cardio, weight, or personal training rooms. They must be stored in the locker room.

WEIGHT EQUIPMENT AND FREE WEIGHT AREA MUST BE IN COMPLIANCE WITH AMERICAN COLLEGE of SPORTS MEDICINE (www.acsm.org) GUIDELINES:

- Use proper weight room etiquette with regard to sharing equipment.

- Weight plates are not to be leaned against equipment and machines.
- Do not rest plates and/or dumbbells on benches at any time.
- After utilizing equipment, remove weight plates from bars and return plates and dumbbells to proper storage area.
- Dumbbells and weight plates cannot be dropped on the floor for any reason.
- No free weight or loose equipment shall be used in connection with any mechanical equipment or in any manner for which the equipment was not originally intended.
- Collars are to be used at all times to secure weights on bars.
- Proper weight room etiquette should be used with regard to sharing equipment.
- Property Owners/Residents shall not move or modify the equipment in any manner.
- Property Owners/Residents should seek assistance for spotting needs.
- DO NOT USE the equipment if you are taking any medication that causes drowsiness or if you have any medical condition that affects your ability to operate the equipment safely.
- No gym bags or personal items are permitted in the weight room.
- No glass containers are permitted at any time.

CARDIO EQUIPMENT AND SAFETY

- During busy times or whenever someone is waiting for a machine, you must observe the 30-MINUTE TIME LIMITS on all cardiovascular equipment.
- Hold handrails when stepping on or off treadmills, elliptical, stationary bikes, and other equipment.
- Do not get on or off equipment when it's moving.
- Don't hesitate to use the emergency stop buttons or lanyards when using treadmills.
- Always look forward when using equipment that moves. Looking back or to the side throws off your balance.
- Grab the handrails and press the stop button if you feel weak or lose your balance when using treadmills.
- Try to stay centered on all equipment.
- Change the speed of your workout program gradually.
- Don't push beyond your abilities.
- Set up your music or video before starting a workout machine.
- If you notice that something is out of place, missing, or broken, please annotate it in the maintenance log located at the front desk.
- For the safety of other members, please turn off all machines when you are done with them.

- Be sure to wipe perspiration off the equipment using the sanitary wipes provided when finished with your workout.
- Hand wraps, bag mitts, UFC, or other specified training gloves, as well as sneakers, tennis, or martial art shoes are required for use on the heavy bags and the Nexersys machine.

SAUNA, STEAM ROOM AND SHOWERS

- Property Owners/Residents and guests are required to wear appropriate exercise or swimming attire in the steam room and sauna.
- Consult a doctor if you have high blood pressure, diabetes, or a heart problem.
- DO NOT USE if you are pregnant.
- Shower/water shoes or sandals are required in all wet areas. No other type of footwear is permitted.
- No body oils or creams (suntan, baby oil, etc.) are permitted in wet areas.
- No shaving is permitted in the steam room or sauna.
- You are required to provide your own towel and toiletries.
- For personal hygiene, you should shower before and after you use the sauna or steam room. Please towel dry before you leave the shower, sauna or steam room. This helps prevent a wet floor situation.
- No glass containers are permitted in the facility at any time.

LOCKER ROOMS

- Due to a limited number of lockers, personal items are not to be left overnight. There are no locks on the lockers.
- It is recommended that members and guests do not bring valuables into the facility. Do not leave valuables unprotected.
- Management and the MOA are not responsible for lost or stolen articles.

SPIN BIKES ARE FOR CLASSROOM USE ONLY.

NO SMOKING / NO GUM CHEWING / NO PETS / ETIQUETTE

- In the interest of providing a healthy and safe environment for our property owners/residents and guests, smoking, gum chewing, and pets, excluding service animals, are prohibited.
- Perspiration must be wiped off cardio, free weights and other weight equipment using the sanitary wipes provided when finished using any piece of equipment.

FOOD & DRINK

- Drinking water or sports drinks in a plastic or stainless steel water bottle is permitted in the weight room, cardio, and personal training area, as well as aerobic and/or community rooms.
- Eating and drinking anything else is not permitted anywhere but in the snack bar and/or lounge area and Community room.
- No glass containers are permitted in the facility at any time.
- Property owners or guests who are intoxicated will not be permitted to use the facility under any conditions.

ACCIDENTS OR EMERGENCIES

- Call 9-1-1 immediately. Heart Defibrillator units and 9-1-1 Phone are located in the hallway outside the cardio/exercise room.
- The Pointe Wellness Center is used at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc., its Members, its Management Co. and other affiliated companies such as CP Brunswick, LLC, Kuester Management, and Swim Wilmington, Inc., for any injury or accident resulting from improper or unauthorized use of the equipment or facility.

Approved Advisory Committee - 8/10/17

Approved Board of Directors - 8/10/17

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.



Compass Pointe Noise Rules and Regulations March 21, 2017

The Brunswick County, NC, Noise Ordinance provides for the “regulation and abatement of excessive and unnecessary noise which may injure the physical and emotional health or welfare of its citizens or degrade the quality of life.” As Compass Pointe is located within Brunswick County, this ordinance governs the subject of noise for our development.

The Noise Ordinance as found in the Brunswick County, NC, Code of Ordinances/Chapter 1-9 Public Health and Safety, Article VIII, follows for your reference.

[ARTICLE VIII. - NOISE ORDINANCE](#)

If the above link does not work, copy and paste the following into your browser to reach the Noise Ordinance on the County website:
https://www.municode.com/library/nc/brunswick_county/codes/code_of_ordinances?nodeId=PTIC0OR_CH1-9PUHESA_ARTVIII0OR_S1-9-564PRNOGE

Of note, 11pm to 7am are defined as hours when operating televisions, radios and other sound-producing devices so as to be audible to neighbors may constitute prohibited noise.

Residents are encouraged to be cognizant of the level of noise they generate and to be open to a discussion of noise when raised by a neighbor.

Approved by Advisory Committee 3/21/2017
Approved by Board of Directors 3/21/2017



**COMPASS POINTE POLICY ON
NON-COMMERCIAL OR HOBBY UNMANNED AIRCRAFT
SYSTEMS**

As a result of concerns for the privacy of our residents, non-commercial or hobby Unmanned Aircraft Systems (UAS), including drones, planes, as well as toy versions of any UAS, may not be flown in Compass Pointe. This policy applies to all UAS whether or not the UAS contains a camera.

Approved by the Advisory Committee: 6/23/2017
Approved by the Board of Directors: 6/23/2017

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.



COMPASS POINTE DOG PARK RULES
Updated June 23, 2017

1. Dogs must stay within specified area.
2. Do not bring dogs that are in heat.
3. Do not bring food bowls or long lasting chews.
4. Return dog toys to containers after use.
5. Dogs and Owners creating a problem must leave when requested.
6. Owners must clean up after their dogs. Use doggie bags to collect waste. There is a trash can where bags may be discarded in the fenced grass area. Volunteers empty this trash can. Do not place un-bagged waste in the trash can.
7. Use of dog park is at your own risk.
8. All dogs using the park must be up-to-date on their shots and heartworm prevention.
9. Never leave your dog unattended.
10. Fill in any holes dug by your dog.
11. Children must be closely supervised.

Have Fun, it's a dog park!!

Approved Advisory Committee June 23, 2017
Approved Board Of Directors June 23, 2017



**COMPASS POINTE MASTER ASSOCIATION
Vehicle Registration Rules/Process**

Date 11/17/16

Compass Pointe Vehicle Rules

- All CP lot owners will be provided up to 2 vehicle passes (at no charge) for automated gate entry.
- Upon completion of their lot purchase new CP owners may obtain the vehicle passes from the gatehouse attendant.
- The passes are assigned for specific licensed vehicles and may not be sold or transferred to other parties. The passes are assigned based on the vehicle year/make/model and license plate and VIN. Proof of insurance will also be required when obtaining vehicle passes.
- CP Residents may request additional vehicle passes at \$20 per vehicle for other family members in residence, or for replacement vehicles. Please make the check payable to **CPMA [Compass Pointe Master Association]**. Cash or credit cards are not accepted.
- **Leasing tenants will be required to also provide a copy of their lease agreement. Leasing tenants (as non-owners) will be required to pay \$20 per vehicle for each pass.**
- CP Owners/tenants requesting passes must complete a Compass Pointe Vehicle Registration Application and submit the form to the gatehouse attendant. This form can be obtained from the Compass Pointe Gatehouse personnel, from the Compass Pointe Owners Web Site / Community / On Line Forms, or from the Kuester.com website / documents.

Vehicle Registration Process

- Complete the Compass Pointe Vehicle Registration Application.
- At the gatehouse, provide a printed copy of the completed Compass Pointe Vehicle Application showing the vehicle make, model, year, color, license plate #, state and VIN. Leasing tenants will be required to also bring a copy of their lease agreement. (Note: Leasing tenants will have their assigned pass deactivated upon the conclusion of their lease agreement.)
- The gatehouse attendant will review the application and documentation and upon approval, apply the vehicle pass ("transponder") to the specific vehicle at the appointment. No passes will be mailed or otherwise distributed.
- If a payment is required, make the check payable to **CPMA [Compass Pointe Master Association]**. Cash or credit cards are not accepted.
- If you have any questions concerning these requirements, please contact the On Site Kuester Manager at: 910-354-3590 or support@Kuester.com.



Compass Pointe Masters Association Vehicle Registration Application
(Updated 11/17/16)

This request is: New ___ Replacement ___ [Make/Model of old vehicle] _____

Name of Vehicle Owner: _____ Date: _____

Lot Owner ___ Resident ___ Tenant _____ Other _____

If Tenant, name of CP Property Owner: _____

Lease Start Date: _____ Lease Expiration Date: _____ Copy of Lease ___

If for CP Family Member, provide CP Resident/Owner Name: _____

Requesting Party Street Address: _____ and/or CP Lot # _____

City: _____ State: _____ ZIP: _____

Email: _____ Phone: (H) _____

(C) _____

Vehicle Information (One Vehicle per VRA form):

Make: _____ Model: _____ Year: _____

Color: _____ VIN Number: _____ License Plate#/State: _____

Compass Pointe Master Association Vehicle Transponder Pass #: _____

Compass Pointe owners will be provided up to 2 vehicle transponder passes (at no charge) for gate entry. CP owners may request an additional vehicle pass (transponder) (@\$20.00/vehicle) for an immediate family member who lives with them in CP. Individuals seeking a vehicle transponder pass need to complete and submit this form, a copy of the vehicle's registration, and proof of insurance, along with a check (payable to the Compass Pointe Master Association) to the gate attendant. The passes are assigned for specific licensed vehicles and may not be sold or transferred to other parties.

Leasing tenants will be required to also provide a copy of their lease agreement and to pay \$20.00/vehicle for each pass they request.

If this request is for a replacement pass, please remove the old pass and bring it in when your new application is submitted.

Transponder Pass to be installed by gate attendant directly to the specific vehicle. No passes will be mailed or otherwise distributed.

If a payment is required, make the check payable to **Compass Pointe Master Association**. Cash or credit cards are not accepted.

CPMOA USE ONLY: Assigned Transponder# _____

If 3rd or more, \$20 Check Rec'd ___ **Check#** _____ **Replacement?** _____

Vehicle Registration Verified by _____ **Vehicle Insurance Verified by** _____ **If Tenant, Lease copy provided**

_____ **Transponder Applied** _____

Compass Pointe Master Association
Canoe / Kayak Storage Policy and Registration Form

Owner(s) Name: _____ **Rack No:** _____

- Racks spaces for canoes and kayaks (crafts) will be assigned on a “first come-first served” basis to owners in Compass Pointe only.
- Rack space assignments can be secured by completing a registration form and paying for the season in full. Owner must be in good standing with the Association to utilize this service.
- Only one (1) space will be rented per owner.
- The fee is \$48.00 per year/ rack. The fee is NON refundable. If rented after September, the fee is \$12.00 plus \$48.00 for the following year. There are no refunds if you cancel your space during the year.
- The craft must be placed on the rack in a manner that does not interfere with easy access to crafts in other racks or pose a hazard to other rack users or their property. Craft must be stored upside down.
- Owners are required to, and are responsible for, securing their craft to the racks with a lock.
- In the event that there is a named tropical storm owner must remove craft immediately.
- Crafts can only be stored on the racks. **ANY** craft found in the area that is not secured in a rack will be removed at the craft owner’s expense.
- Interpretation of this policy or decisions regarding a users’ adherence to this policy will be made by the Compass Pointe appointed agent-Association Manager.
- The Association assumes no liability or responsibility for damage or loss to any property stored on Compass Pointe Master Association property or any person using the racks. Use of the rack storage is at the sole risk of the users and craft owners.

I have read and understand the foregoing policy and agree to abide by its terms and conditions.

Signature of Owner

Date

Owner Address (Compass Pointe)

Phone Number

Home/Mailing Address

Email Address

Type of Craft _____ **Craft Make/Model** _____ **Color** _____

CP BRUNSWICK, LLC

Application for Boat/Trailer/RV/Vehicle Storage at Compass Pointe

Homeowner's Name: _____

Compass Pointe Address: _____

Mailing Address:(if different from above): _____

Email Address: _____

Phone: Home: _____ Cell: _____

Description of Vehicle (Boat, Truck, Trailer, RV, Auto): _____

Length: _____ Width: _____

Make/Model/Year/Color: _____

License Tag/Plate # (if applicable): _____

Registration Information: (# and expiration date): _____

COPY OF OFFICIAL AND CURRENT REGISTRATION MUST BE ATTACHED TO THIS FORM

Corral Size and Pricing

Rental Beginning Date: _____ Rental Expiration Date: _____

Option 1: 25 feet or less Annual Fee \$400 per year Corral Space _____

Option 2: 26 feet to 35 feet Annual Fee \$450 per year Corral Space _____

Option 3: 36 feet to 50 feet Annual Fee \$500 per year Corral Space _____

The undersigned accepts full responsibility for the security and condition of the vehicle in the storage area and acknowledges that the Rules and Regulations have been read and must be adhered to at all times. Space is available for rent by homeowners and may not be used, or sublet, by others (EXCEPT owner's immediate family or current tenants with owners written permission and required vehicle registration documents attached to this application. CURRENT registration sticker must be visible on vehicle.



GRAND LANAI GUIDELINES Revision November 9, 2017

Who Can Use the Grand Lanai

- The Grand Lanai ("Lanai") is for the use of Compass Pointe Master Owners Association ("CPMA") members.
- All guests of owners must be accompanied by a CPMA member ("MEMBER").
- Only Members in 'good standing' may use the Grand Lanai and facilities. Good Standing means all Homeowners Association dues and fees are paid in full and that no outstanding violations or unresolved Architectural Review Committee ("ARC") violations exist.
- There are NO pets, with the exception of service animals, allowed in the Grand Lanai.

Hours of Use

- The Lanai is open to owners 9 a.m. – 9 p.m. daily. The Lanai will be locked at 9 p.m. each night unless there is a scheduled event or the Lanai has been rented.
- For the respect of your neighbors that live near the Lanai, all noise levels must be brought to a level where it cannot be heard outside the Lanai by 11 p.m.
- All events are to end **no** later than 12:00 a.m. (Midnight). The one exception could be a New Year's Eve celebration. All non-residents must vacate the facility by 1 a.m.
- Be courteous of other member's events. If you are aware that another homeowner has rented the Grand Lanai for a private event, please take note of where your children/guests are and prevent them from disrupting the event.

Grand Lanai – the Building

- Smoking, including all vapor products, is not permitted inside the Lanai or within 50 feet of the Lanai at any time. If you do smoke outside the 50 feet perimeter, please dispose of your cigarette/cigar butts appropriately.
- The maximum number of people allowed in the Lanai at any given time is **250** for community events and **150** for rental events.
- Lanai furniture may not be moved outside of the facility without the permission of the Amenities Committee Chairperson.
- Furniture must be returned to its original position at the conclusion of the event. If any CPMA property is damaged, the Member is responsible for repairing or replacing

the damaged property.

- No golf carts, bicycles, skateboards, rollerblades, etc. are allowed inside the Lanai.
- No airborne objects including drones of any type are allowed inside the Lanai or within 50 feet of the Lanai.
- Members who use the facilities are responsible for cleaning up and restoring the Lanai to original condition at the end of the event. Failure to do so could result in a cleaning fee. All personal items must be removed at the end of their event.
- No wet bathing suits are allowed on any Lanai furniture including bar stools.
- CPMA is not responsible for lost or stolen items.

Grand Lanai Front Lawn

- The common area is a fully irrigated area. If a Member places any stakes in the ground they can be no longer than 8 inches in length and must have blunted ends. If a Member is placing a tent, the CPMA On-Site Representative must approve placement prior to tent being erected.
- Member assumes full responsibility to repair any irrigation lines, lawn and/or landscaping, if any damage occurs.
- No vehicles are permitted on the common area lawns except for tent assembly in which case the Member renting the tent assumes full responsibility to repair the irrigation lines if any damage occurs.

Grand Lanai Common Area Property Usage

- Please do not walk on or through any landscaped area around, near or in the Lanai.
- Use of the common area property around the Lanai is permitted when the Member has rented the Lanai. (NOTE: This rental does NOT include use of the pool or other CP amenities.)

Parking and Vehicles

- Vehicles must park in designated spaces.
- No vehicles are permitted on the lawns surrounding the Grand Lanai and pool area.
- Parking spaces directly in front of the Lanai are reserved for use by golf carts or for occasional loading/unloading of passengers, equipment or supplies.

Non-Rental Use - Activity to be Added to the CP Calendar

- If you wish to use the Lanai for a Compass Pointe Community non-rental event, complete the Non-Rental Reservation Request Form found on our Owner's website. When completed and submitted this will go directly to our On-Site Representative for action. Our On-Site Representative will be responsible for entering the event/meeting on the calendar. He/she will confirm the entry with the requestor. Please submit this request at least two weeks prior to the event.
- The Lanai may also be used for Community events on a non-rental basis that may require attendees to obtain tickets in support of the event.
- The Lanai is a shared amenity and meant to be used by all residents. For small events (usually less than 50 people) you may submit a non-rental reservation request. The Grand Lanai will remain open to other Compass Pointe residents

during you event.

- Be courteous to other residents while using the Grad Lanai. Be mindful of loud music which may be offensive to others using the Lanai for other purposes.

Grand Lanai Rental

- If a Member wishes to rent the Lanai for their private/exclusive use (such as wedding, party, etc.) the Grand Lanai Rental Application and Agreement must be completed.
- The Lanai is not available for rental during major sporting events or major holidays. This allows the community to enjoy the Lanai on those days.
- Reservations must be made at least two (2) weeks in advance.
- Members must meet with CPMA On-Site Representative to rent the Grand Lanai.
- Events at which the participants are less than 21 years of age must include four (4) adults, which would require the member reserving the Lanai be in attendance at all times to supervise the under 21 year old guests.

When renting the Lanai:

- The Grand Lanai must be returned to its original condition at the end of the event and Lanai vacated by 1 a.m.
- All trash must be removed and disposed of in the green dumpster outside the Grand Lanai.
- Clean all bar areas and bathrooms and leave them as they were found.
- Sweep floors.
- Remove all food and drinks.
- Place all furniture back in its original position.
- Turn off all lights and fans

Events

The Grand Lanai is not intended to be used for repetitive/frequent profit-making activities. Repetitive profit-making activities is defined as selling of homemade or manufactured products by CP residents, on a routine basis. For example, an annual Arts and Craft Fair does not fall under this definition as it is only held once or twice a year.

Outside vendors are not permitted to sell any products in any Compass Pointe amenity or in the common areas for personal profit. Outside vendors may sell products during major charity events where all profits benefit the charity.

GRILLS

Grand Lanai Built In Grill

Use of the commercial built-in grill must be authorized and approved by the Amenities Committee Chairperson. Please contact the CPMA On-Site representative at the Wellness Center to contact a Committee member for training and authorization.

Portable Gas Grills

- There are two (2) portable gas grills (with tanks) provided for use by any Member on a first come – first served basis.
- Please bring your own grilling tools and supplies.
- Grills may be moved around the outside Lanai area for convenience, but must not be used within the Lanai building or fenced pool area.
- When using the grills, be sure to move the grills far enough from the Lanai building to prevent fires.
- After use, clean all grill surfaces, shut off the gas and return the grills to where you found them.

Approved Advisory Committee 6-23-2017
Approved Board of Directors 6-23-2017

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.

COMPASS POINTE GRAND LANAI RENTAL APPLICATION AND AGREEMENT

Kuester Management Phone: 910.354.3590 Email: rose@kuester.com

Member/Owner Name: _____

Street Address: _____

Home Phone: _____ Cell: _____

Date of Event: _____ Type of Event: _____

Please indicate the Rental Time Segment listed below including time for Set-up and Clean-up
4 hours (\$350) _____ 8 Hours (\$600) _____ More than 8 hours (\$850) _____

(PLEASE NOTE: THE CLEANING SERVICE IS AUTHORIZED TO ENTER THE LANAI AFTER THE LATEST TIME)

Have you read and agreed to follow the Grand Lanai Guidelines? Yes _____ No _____

ELIGIBILITY FOR RENTAL:

- 1) The person applying for the rental must be a property owner in good standing with all Compass Pointe Master Association (CPMA) fees and levies paid up to date.
- 2) Events at which the participants are less than 17 years of age must include an adequate number of adults to supervised children throughout the event.

RENTAL FEES:

- 1) A check for a non-refundable rental fee of \$350 for 4 hours, \$600 for 8 hours and \$850 for more than 8 hours to confirm your reservation. **RENTAL CHECK #** _____

SECURITY DEPOSIT:

- 1) A refundable security deposit of \$250 made payable to Compass Pointe Master Association is required at the time your Lanai reservation is confirmed by the CPMA On-Site Representative.
SECURITY DEPOSIT CHECK # _____.
- 2) The security deposit check will not be cashed and will be returned within 30 days of the event provided that there are no damages to the Lanai and no additional cleaning is required after inspection.
- 3) If the Lanai needs repairs and/or additional cleaning after your rental, Kuester will contract for the cleaning/repairs and will provide the owner/member with an invoice covering the costs. If the security deposit is not sufficient to cover the cleaning/repairs, owner/member will be invoiced for the remaining monies.

FACILITIES:

- 1) Will you be requesting the Oasis Bar to provide alcoholic beverages (Circle One) YES NO
- 2) Compass Pointe Master Association On-Site Representative will be responsible to notify the Oasis Bar manager of the date and time of event. CPMA is to attach email confirmation of notification. (NOTE: This is only to advise the Oasis management that the Lanai will be rented for a private function. The Oasis will not be open unless you wish to contract with Oasis management to provide bar service.
- 3) If outside caterers/contractors are being employed, you must complete the information below:

Member/Owner Initials _____ Kuester Management Representative Initials _____

CATERER INFORMATION:

Company: _____

Contact Name/Number: _____

Address: _____

Copy of Caterer Proof of Liability Insurance attached: _____

SERVICE PROVIDER INFORMATION: (EXAMPLE DJ, MUSICIAN ECT)

Name of Company: _____

Contact Name/Number: _____

Address: _____

Copy of Service Contractor Proof of Liability Insurance Attached: _____

MEMBER/OWNER RENTING THE LANAI MUST:

- 1) Schedule to meet with representative of the Compass Pointe Amenities Committee to review the rental rules and regulations to insure member/owner understands their responsibilities.
- 2) Be present during the entire function, including set-up and clean-up.
- 3) Ensure guests behave in a responsible manner.
- 4) Ensure that all furniture be returned to its original positions (Per attached Layout)
- 5) The member/owner agrees to do the following after event: Remove all trash and dispose in the dumpster in the parking lot. Clean all bar areas and bathrooms and leave them as they were found. Sweep floors. Remove all food and drinks. Remove all personal items as anything remaining will be disposed of. Turn off all lights and lock the facility as directed. No items may be glued, nailed, taped or tacked to the walls, doors, glass or ceiling at any time and all decor must be removed at the conclusion of the event.
- 6) Ensure that the Grand Lanai be returned to its original condition by 10:00 am the following day. If an event is scheduled for the following day, the Lanai must be cleaned and ready for use by 8:00am.
- 7) Ensure that noise levels are brought to a level where it cannot be heard outside the amenity grounds by 11:00pm.
- 8) End the event on or before 12:00AM (Midnight)
- 9) The facility must be vacated by outside guests by 1:00AM.
- 10) Ensure vehicles are parked in designated parking spaces.
- 11) Parking spaces directly in front of the Lanai are reserved for golf carts.
- 12) Vehicles may stop outside Lanai for loading/unloading of passengers, equipment or supplies.

CONDITIONS OF USE:

- 1) The rental occupancy for the Grand Lanai is a maximum of 150 persons.
- 2) No pets of any kind are allowed in the Grand Lanai (with the exception of service animals)
- 3) The rental of the Grand Lanai consists of the Grand Lanai ONLY and does not include the pool, tennis courts, or the fenced in area surrounding the pool.
- 4) Use of the common area property around the Grand Lanai is permitted.
- 5) In the event the member/owner rents a tent; the placement of the tent MUST be approved by the CPMA On-Site Representative prior to installation. Stakes can be no longer than 8" and must have blunted ends. Member/Owner assumes all responsibility to any damage to the irrigation system.
- 6) All food, drink and equipment must stay within the Grand Lanai or within an approved tent.
- 7) Smoking including vapor products, is not permitted inside the Grand Lanai or within 50 feet of the Lanai or fenced pool area at any time. All cigarette butts must be disposed of appropriately.
- 8) CPMA is not responsible for lost or stolen items.
- 9) All Alcohol Beverage Laws of the State of North Carolina apply to the Lanai and it is your responsibility to abide by all laws of the State of North Carolina as well as all other governmental bodies and agencies.
- 10) The Compass Pointe Grand Lanai is a common facility for all members of the CPMA and you agree that you and your guests will refrain from any activity that would jeopardize the association insurance on the Grand Lanai, pool and other common elements.
- 11) You and your guests will use the Grand Lanai or any other Compass Pointe Facilities or common areas at your own risk and will agree to hold harmless CPMA and its members, its management company and other affiliated companies such as CP Brunswick, LLC, Kuester Management, Swim Wilmington, INC and Oasis LLC.

Member/Owner Initials _____ Kuester Management Representative Initials _____

I HAVE RECEIVED A COPY OF THE GRAND LANAI GUIDELINES AND AGREE TO ALL THE TERMS, CONDITIONS AND RULES AND REGULATIONS REGARDING THE USE OF THE COMPASS POINTE GRAND LANAI.

_____ DATE: _____
MEMBER/OWNER SIGNATURE

MEMBER/OWNER MET WITH AMENITIES COMMITTEE ON: _____

MEMBER SIGNATURE

AMENITY COMMITTEE MEMBER SIGNATURE

COMPASS POINTE MASTER ASSOCIATION USE ONLY

RECEIPT OF REQUEST _____

APPROVAL OF REQUEST _____

APPROVAL DATE _____



Non-Rental Reservation Form for The Grand Lanai [Form May 25, 2016]

This form should be used when you wish to have a non-rental activity/event placed on the Compass Pointe Calendar. Please complete this form and submit to our CPMA Representative per the instructions on our HOA website.

Date of Request: _____

Owner/Member Name: _____

Email Address: _____

Event/Meeting Date: _____ Start Time: _____ End : _____

Estimated Number of Attendees: _____

Description of Event to be added to calendar by On-site Representative:

Please indicate below if required:

Please indicate which area of The Grand Lanai is requested:

- Kitchen/Grill area _____
- TV area _____
- Entire Lanai _____

Number of tables/chairs requested: _____

TV required: _____

Other items: _____

Office Use Only

Date entry placed on calendar: _____

CPMA On-Site Representative: _____

Confirming email sent to requestor: _____



COMMUNITY POOL RULES

Revised July 10, 2018

The pool at Compass Pointe is for the exclusive use of members of the Compass Pointe Master Association and their invited guests. The host member must accompany and remain with their guest(s) at all times.

1. Everyone must shower before entering the pool as required by the Brunswick County Health Department. The pool is open from 7a.m. to dusk in season. (NOTE: The timed pool area lights go off at midnight.) Members and their guests must comply with all state and county laws as well as community rules.
2. Persons under the age of 16 years must have adult supervision in all pool/beach areas at all times. This adult (18+) must be a Compass Pointe resident or other child-care provider. Unaccompanied persons under the age of 16 will be asked to leave the facility.
3. Glass containers (wine and beer bottles, etc.) or any breakable objects are not permitted on the pool deck area or in the pool.
4. No intoxicated person is allowed in the pool or on the deck area.
5. No person with skin, eye, ear or nasal infections or any communicable disease is permitted in or around the area.
6. To ensure safety, a competent swimmer must accompany all persons who are not considered competent swimmers.
7. No disposable diapers are allowed in the pool. Any person who is incontinent who uses the pool must wear a swim diaper or similar protection.
8. Proper swimming attire is required. Cut-off jeans or any other filter-clogging clothing is not allowed.
9. Water shoes should be carried to the pool area. Water shoes should not be worn outside of the pool area, including restrooms, parking lot, etc. This rule is established to prevent dirt, debris, and other pollutants from being tracked into the pool.
10. If failure to follow a rule by a resident or their guest results in damage or a pool contamination event, the resident is responsible for any costs involved in draining and refilling of the entire pool and/or the application of additional chemicals to remedy an unsafe condition. This would also include any cleaning cost of the pool deck area resulting from broken glass.
11. The pool will be more enjoyable for all provided everyone is courteous to other members and their guests. Unacceptable behaviors, regardless of age, will be grounds for immediate removal from the area. "Unacceptable behaviors" include but are not limited to: screaming, intoxication, foul and inappropriate language, running on the pool deck, diving, jumping into the pool, pushing, shoving,

wrestling or otherwise engaging in unsafe or boisterous behaviors. Throwing of any type of hard ball or football is prohibited. Frisbees are not allowed inside the fenced pool area.

12. The HOA member will be responsible for the repair or replacement of any pool deck furniture damaged as a result of inappropriate behavior.
13. Incidents of non-compliance should be reported to Kuester Management.
14. **For a medical emergency call 9-1-1.** Emergency phone is located on the pool deck. There is a sign next to the phone which identifies the street address number. A first aid kit and the defibrillator are located in the Lanai in the credenza to the right side of the fireplace.
15. Because of the shallowness of the pool, diving into the pool is prohibited. **ABSOLUTELY NO RUNNING OR JUMPING INTO THE POOL FROM ANYWHERE ON THE POOL DECK.,**
16. Permitted pool items include goggles/masks/snorkels, inflatable pool toys/floats not larger than 30" x 48", inflatable arms "floaties", or other swim "help" items.
17. The following items are prohibited in the pool and pool area at all times: personal cooking grills, remote-controlled toys, loud playing of radios or other amplification equipment, water balloons, boogie or body boards.
18. No food or coolers are allowed in the pool. They are allowed in the cabanas and patio areas.
19. No tables, chairs, or lounge chairs are allowed in the pool.
20. **There is ABSOLUTELY NO SAVING of cabanas, chairs, chaises or dining tables for anyone not present in the pool area. Every chair, chaise, and dining table is available on a first come, first served basis. Each person may occupy/use a single chair or chaise. The placement of personal items such as towels, coolers or clothing on or in another chair, chaise, cabana or dining table is not permitted. Residents are welcome to use the second chaise in a cabana where only one chaise is in use. Personal items may be placed on the accompanying small side tables located next to the chairs and chaises you occupy.**
21. If you use a table with an umbrella, please lower the umbrella when you leave. If you move a chaise, table or chair, please return it to its original position when you are leaving the pool area.
22. Personally-owned chairs are permitted in the pool area during the following busiest pool times: Memorial Day weekend, July 4th weekend, Labor Day weekend, and Owner Appreciation Day. Personal chairs may be permitted at other special events only when so notified in advance by e-mail or other communication to the CP community.
23. Please remove all your trash and personal items when you leave the pool area.
24. Smoking, including all vapor products, is NOT allowed within 50 feet of the pool and the fenced off area of the pool.
25. **ABSOLUTELY NO SMOKING IN THE RESTROOMS.**
26. The pool and pool area may not be rented for functions at any time.
27. No pets of any kind are allowed in the fenced off pool area at any time, with the exception of CERTIFIED service dogs, which are not permitted in the water. Under Titles 11 and 111 of the

ADA, a Service animal is a dog that is individually trained to work or perform tasks for a person with a disability. Dogs whose sole function is to provide comfort or emotional support do not qualify as service animals under the ADA.

28. Do not walk on or through any landscaped area.
29. Parking is limited to designated parking areas. Racks are provided for bicycle parking. Do not park vehicles on the grass or on the access road in front of the Lanai. This is a Fire Lane. This area can be used for dropping off items and picking up items when necessary. Parking here may also prevent safe access for other vehicles, members and their guests. Please respect designated handicapped and golf cart parking areas.
30. In the event of a thunder or lightning storm all pool users must evacuate the pool area and remain clear of the area for 30 minutes afterwards, as a matter of safety.

You and your guests use the Pool area at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc., its Members, its Management Co. and other affiliated companies such as CP Brunswick, LLC, Kuester Management and Swim Wilmington, Inc.

These rules are intended to protect the safety and integrity of the environment, all structures, members and their guests, as well as to ensure the comfort and enjoyment by all persons using the amenity. Your help in keeping these amenities clean and presentable will assist us all in making Compass Pointe a better place to be, for you, your guests, and for potential buyers who tour the community on a daily basis. Thank You.

Rules may be added or amended in the future as needed or accessed by the Compass Pointe Master Association.

Approved Advisory Committee – 07/10/2018

Approved Board of Directors –07/10/2018

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations.



INDOOR POOL RULES

Revised October 10, 2018

The Indoor Pool at Compass Pointe is for the exclusive use of the members of the Compass Pointe Master Association and their invited guests. The host member must accompany and remain with their guest(s) at all times.

1. Everyone must shower before entering the indoor pool as required by Brunswick County Health Department. The pool will be open from 7 a.m. until dusk, coinciding with the Outdoor Pool hours of operation. Members and their guests must comply with all State and County laws as well as CP Community Rules & Regulations.
2. Persons under the age of 16 years must have adult supervision in the pool area at all times. Unaccompanied persons under the age of 16 years will be asked to leave the facility.
3. Glass containers (wine and beer bottles, etc.) or any breakable objects are not permitted in the building, on the deck area or in the pool. NO food or coolers are permitted.

4. No intoxicated person is allowed in the pool or on the deck of the indoor pool. Boisterous or rowdy behavior is not permitted. No dunking, pushing or shoving allowed.
5. No person with skin, eye, ear or nasal infections or communicable disease is allowed in or around the pool area.
6. To ensure safety, a competent swimmer must accompany all persons not considered competent swimmers.
7. No disposable diapers are allowed in the pool. Any person who is incontinent must wear a swim diaper or similar protection while in the pool.
8. Proper swim attire is required. Cut-off jeans or any other filter-clogging clothing is not permitted.
9. Water shoes, if necessary, are for in pool use only and should not be worn in any area outside the indoor pool building.
10. Lap swimmers have priority in the designated lane(s). Kick boards may be used for exercise purposes only in the designated lap lane(s).
11. NO RUNNING, JUMPING FROM THE SIDES, OR DIVING PERMITTED.
12. No rafts, boards or flotation devices allowed unless required for organized exercise classes, such as water aerobics. Swim wings or life vests for small children are allowed and other swim "help" items for non-swimmers are also permitted.
13. Pool furniture use is on a first come basis, and cannot be reserved. Do not remove furniture from the pool area
14. No electrical or audio equipment of any kind is permitted. The use of personal headphones is allowed.
15. Do not allow any objects to be thrown in the pool. Please use the trash receptacles provided.

16. Buoy rings are for emergency use only.
17. All personal items and equipment must be removed from the pool area prior to leaving the building. All persons using the pool MUST exit 15 minutes before the pool closes to allow time to either dry off, shower, or change.
18. No persons are allowed into the Wellness Center dressed in swim wear after leaving the Indoor Pool; attire must be appropriate clothing as posted in the Wellness Center Rules.
19. All areas in the pool (other than designated lap lanes) will be available to all swimmers and exercisers on a first come basis. Those in the pool should not get in the way of any lap swimmers, since they may not be able to see in front of them as they swim.
20. The Wellness Center Committee schedules all exercise classes. The schedule of classes will be posted on the CPOW calendar in advance.
21. The Indoor Pool may not be rented for any reason.
22. NO SMOKING in and around the pool and within 50 feet of the building.
23. NO pets are allowed in the Indoor Pool Building at any Time, with the exception of a certified service animal, which will not be allowed in the pool.
The ADA, under Titles 11 and 111, defines service dogs as those individually trained to do the work or perform tasks for people with disabilities. Dogs whose function is to provide comfort or emotional support DO NOT qualify as service animals under the ADA.
24. The HOA member will be responsible for the repair, or replacement of any furniture or equipment damaged as a result of inappropriate behavior by the resident or their guest.

25. In the event of thunder and lightning storms, all pool users must evacuate the pool and remain clear of the pool for 30 minutes as a measure of safety.

REMEMBER -THERE IS NO LIFE GUARD - SWIM SAFELY
IT IS RECOMMENDED THAT YOU DO NOT SWIM ALONE

You and your guest(s) use of the indoor pool is at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc. its Members, its Management Co. and other affiliated companies such as CP Brunswick, LLC, Kuester Management and Swim Wilmington, Inc.

These rules are intended to protect the safety and integrity of the environment, all structures, members and their guests, as well as to ensure the comfort and enjoyment by all persons using the amenity.

Approved by the Advisory Committee *October 10, 2018*
Approved by the Board of Directors *October 10, 2018*



MAY 10, 2018

LAZY RIVER RULES & REGULATIONS

The Lazy River at Compass Pointe is for the exclusive use of the members of the Compass Pointe Master Association and their invited guests. The host member must accompany and remain with their guest(s) at all times.

1. Everyone must shower before entering the Lazy River as required by Brunswick County Health Department. The hours of use are to be posted.
2. Persons under the age of 16 years must have adult supervision at all times. Unaccompanied persons under the age of 16 years will be required to leave the area.
3. NO GLASS CONTAINERS OR ANY BREAKABLE OBJECTS PERMITTED IN THE LAZY RIVER OR ON THE DECK AREA
4. NO ALCOHOL, food, or coolers are allowed in the Lazy River waterway, at any time.
5. NO flotation devices other than tubes provided by CP are allowed to be used unless an approved Coast Guard life vest is required due to height restrictions.
6. The water is 36" deep and riders under the height of 48" must wear a Coast Guard approved life vest. All riders under 36" must wear a life vest and be accompanied by an adult.
7. One rider per tube.
8. Riders **MUST** remain in tubes at all times while in the waterway. Tubes must be returned to the storage area. Tubes are not to be removed from the Lazy River area.

9. No swimming at any time allowed. Designated times for exercise walking will be announced.
10. NO jumping, diving, or horseplay allowed on the waterway. Sitting on the sides of the Lazy River and in the grass area in middle area of the Lazy River is prohibited.
11. No diapers are allowed, other than waterproof swim pants.
12. Only proper swim attire is permitted, no cut off shorts.
13. Lazy River furniture may not be reserved, first come basis
14. Furniture may not be removed from the deck area.
15. NO electrical or audio equipment allowed, unless using personal headphones
16. Please use the trash receptacles; do not allow any objects to be thrown into the water.
17. Buoy rings are for emergencies only.
18. All personal items must be removed from the area when leaving the Lazy River area.
19. NO SMOKING AT ANY TIME including Vapor products any within 50 feet of any amenity.
20. Water shoes, if necessary, are permitted in the waterway only and should not be worn in any area outside the Lazy river.
21. NO PETS ARE ALLOWED IN THE LAZY RIVER AREA.
Only CERTIFIED SERVICE DOGS will be permitted in the Lazy River Waterway area, but, not allowed in the water. A Service Animal, as defined by ADA under Titles 11 and 111, is a dog that is individually trained to do work or perform tasks for people with disabilities. Dogs whose sole function is to provide comfort or emotional support do not qualify as service animals under the ADA.
22. In the event of thunder and lightning storms, all pool users must evacuate the Lazy River during the storm and wait 30 minutes afterwards to re-enter the water as a safety measure.

PLEASE REMEMBER THE LAZY RIVER HAS NO LIFEGUARD

ENTER THE LAZY RIVER AT THE DESIGNATED ENTRANCES
ONLY DO NOT ENTER FROM THE SIDE OF THE DECK AREA.

Please be considerate of others waiting to use the tubes, so that all residents and their guests have an equal opportunity to enjoy the Lazy River.

You and your guest(s)'s use of the Lazy River is at your own risk and you agree to hold harmless the Compass Pointe Master Association, Inc., the Members, the Management Co. and other affiliated companies such as CP Brunswick LLC, Kuester Management and Swim Wilmington, Inc.

These Rules are intended to protect the safety and integrity of the environment, all structures, members and their guests, as well as to ensure the comfort and enjoyment by all persons using the amenity. Your help in keeping these amenities clean and presentable will assist us all in making Compass Pointe a better place to be, for you, your guests, and for potential buyers who tour the community on a daily basis. Thank you.

Any violations of the Rules and regulations will b subject to the Violations Process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible at all times for any and all damages to any amenity incurred by the resident or their guest's failure to adhere to the Rules and Regulations.

Approved by the Advisory Committee:
August 21, 2018_____

Approved by the Board of Directors:
August 21, 2018



Cardinal Lake and Compass Pointe Waterways
Updated June 23, 2017

Cardinal Lake encompasses approximately 22 acres and the depth varies from 15' – 20'. Other waterways run throughout the Compass Pointe property.

Access to the lake is restricted to the area near the kayak racks behind the Wellness Center, or from your own private water lot. The term 'waterways' will refer to both the waterways and the lake hereafter. No vehicles or trailers permitted past the parking lot.

All Compass Pointe Master Owners Association (CPMA) members and their guests will operate watercraft in compliance with the North Carolina Wildlife Resources Commission regulations (<http://www.ncwildlife.org/Boating/Boaters-Guides>). These regulations are inclusive of, but not limited to, the following:

- **Age of Operation**
- **Registration Requirements**
- **Personal Flotation Devices (PFD)**
- **Emergency Equipment**
- **Required Equipment**
- **Use of Alcohol/Drugs**
- **Reckless Operations**

Who Can Use the Waterways

- ❖ **The waterways are for the use of CPMA members and their guests. Owners are responsible for the conduct of their guests.**
- ❖ **An adult should accompany any person age 16 or under.**
- ❖ **CPMA members and their guests use the Compass Pointe waterways at their own risk and agree to hold harmless the CPMA, its Members, its Management Company, and other affiliated companies such as CP Brunswick LLC, Kuester Management and The Lake Doctors.**

Permitted Watercrafts and Rules

- ❖ **Permitted watercrafts are as follows:**
 - **Only 'Class A' boats [boats 16 feet or less]**
 - **Non-motorized boats 16 feet or less**
 - **Boats 16 feet or less with electric trolling motors are permitted.**
 - **No other motorized crafts are permitted.**
 - **Paddleboards, inflatable rafts, inner tubes and other types of non-motorized water craft are permitted.**
- ❖ **A Coast Guard approved flotation device must be present on the craft for each person. Persons under 13 years of age must wear the flotation device.**

Please refer to the Compass Pointe Covenants - Page 70, Exhibit C, Paragraph 2 N below:

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within Compass Pointe, except in those areas designated by Declarant and except that Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and to draw Water from lakes, ponds, and streams within Compass Pointe for purposes of irrigation and such other purposes as Declarant shall deem desirable. Neither the Declarant nor the Master Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to Compass Pointe. Notwithstanding the foregoing, fishing from the shore of certain bodies of water within Compass Pointe specifically designated by Declarant may be allowed, subject to rules issued by Declarant or the Master Association

Except as otherwise provided in this subparagraph (n), the use of boats or watercraft in excess of sixteen (16) feet in length is not permitted upon the ponds, lakes and watercourses within Compass Pointe. The use of kayaks, canoes, skulling craft or other such vessels exceeding sixteen (16) feet in length may be permitted on a case-by-case basis subject to the approval of the Board (and, during the Class "B" Control Period, subject to the additional approval of the Declarant). The approval of the Board and/or Declarant may be granted or withheld in such party's sole and absolute discretion. The use of gas

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motors will not be allowed; provided, however, electric trolling motors may be used on permitted watercraft. The use of any boats upon the waters of Compass Pointe shall be subject to additional reasonable rules and regulations that may be promulgated by the Board from time to time.

General Information:

- ❖ Swimming or scuba diving is not recommended and is conducted at your own risk. Please remember our waterways may also be home to wildlife such as snakes and snapping turtles.
- ❖ Emergency 911. Emergency phone is located on the Pool Deck area. First aid kit is located in the Lanai, cabinet to right of fireplace.
- ❖ Owners are responsible for removal of all litter produced during the enjoyment of our waterways and its surrounding areas. Dumping of any litter or trash in or around our waterways is strictly prohibited.
- ❖ Feeding of any wildlife, including geese is not permitted.
- ❖ Compass Pointe waterways may not be used for any type of commercial activity.
- ❖ Please be respectful of a resident's private dock. It is not for public use.
- ❖ Fishing is permitted in all Compass Pointe waterways. No license is required.
- ❖ On-site storage for boats is available for rent. Contact our Owner Relations Manager, Janie Schepker, for more information. Email: janies@compasspointenc.com, telephone: 910-685-0777.

Any violation of the rules and regulations will be subject to the violations process set forth by the Board of Directors for Covenant violations. In addition, residents are responsible for any damage to the amenities incurred by the resident's or their guest's failure to adhere to rules and regulations. When a failure to comply results in injury, injury to another, or damage to property, the incident will be reported to the local authorities.

Have fun, be safe and be a good neighbor.

Cardinal Lake and Waterways June 23 2017.docx



COMMUNITY ROOM GUIDELINES

Revised July 31, 2018

Who can use the Community Room

- The Community Room is an area within The Pointe Wellness Center for use by the Compass Pointe Master Association (CPMA) members and accompanied guests for exercise classes, educational classes, lectures, demonstrations, and other functions.
- Rules and Regulations are established to regulate, maintain, and control the facilities for the best interest, greatest safety, and maximum benefit for all residents.
- Unless the Community Room has been previously scheduled, exercise classes shall have priority scheduling.
- No one under the age of 17 is permitted in the Community Room without adult supervision at all times (by a Resident parent, grandparent, or guardian).
- The Community Room may not be used for any commercial purposes (i.e. no vendors, service providers, etc.) other than Wellness Center approved/sponsored classes or training sessions. All paid activities in the Community Room require a facility usage fee.

Hours of Use

- The Community Room is open Monday, Wednesday and Friday from 4:00 AM to 10:00 PM and Tuesday, Thursday, Saturday and Sunday from 4:00 AM to 11:00 PM.
- The last person leaving at night must turn off all fans and lights in the facility.
- In the event of a power outage in the Wellness Center the facility will be closed to all residents and guests until the power has been restored and it is safe to enter the premises.

Community Room Scheduling Procedure

The Community Room may be scheduled for Social Events or Meeting Events as defined below:



**COMPASS POINTE
ARCHITECTURAL DESIGN STANDARDS
FOR
EXISTING HOMES**

Revised November 30, 2018

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Introduction to Architectural Review

Compass Pointe will consist of multiple villages and neighborhoods with uniquely different themes and standards. Most common interest communities are built with a "theme" concept that ensures consistency of design and attractiveness which, if compromised, reduces the value of the homes and homesites. Well thought out and consistently enforced architectural requirements and rules help maintain uniformity, which in turn helps support the highest market values of the homes and homesites. The underlying theme at Compass Pointe is its abundant lakes, greenways, conservation areas and the wildlife they attract, and each village will have its unique subsequent theme that may be shared with other villages or neighborhoods. Preserving the beauty and developing the community with an emphasis on value, quality, aesthetics and environment are the focus of ARC. Well thought-out and consistently enforced Architecture requirements and rules help maintain uniformity, which in turn helps support the highest market values of the homes.

By accepting a deed or other instrument conveying any interest in any portion of Compass Pointe, each Owner acknowledges that YDV, Inc. (the "Declarant"), as the developer of Compass Pointe, has a substantial interest in ensuring that the improvements within Compass Pointe enhance the Developer's reputation as a community developer and do not impair the Declarant's ability to market, sell or lease its property. Therefore, each Owner agrees that no structure or thing shall be placed, erected, installed, or maintained upon any homesite, home or unit (referred to collectively as "unit" in the Master Declaration of Covenants, Conditions and Restrictions for Compass Pointe and herein collectively referred to as "homesite") and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place on such Owner's homesite except in compliance with the Covenants (as described below) and these Architectural Design Standards. The Declarant or its designee must give its written approval for such activity, which approval may be granted or withheld in the Declarant's or its designee's sole discretion.

The Declarant has recorded the Master Declaration of Covenants, Conditions and Restrictions for Compass Pointe (the "Covenants"), which is binding on all home and homesite owners in Compass Pointe. The Declarant has also established the Compass Pointe Master Association, Inc. (the "Master Association") which is the primary entity responsible for enforcement of the Covenants. In the event of a conflict between the Covenants and this document, the Covenants' provisions will govern.

In accordance with the Covenants, the Declarant has established the Architectural Review Committee ("ARC"), whose members are appointed by the Declarant until the last homesite is sold and at that time will revert to the Board of Directors of the Master Association. The Declarant has delegated to the ARC certain rights reserved under Article IV of the Covenants and the Declarant has also set forth the ARC's jurisdiction, powers, obligations and the rules and regulations under which it will conduct its review of improvements.

The intent of the Compass Pointe Master Residential Association ARC Procedure is to:

- Define how the ARC is created, empowered, and staffed;
- Define what the Architectural review procedures are and how they work;
- Define the specific project criteria and standards needed for design approval;
- Define specifications and specific design practices that will assist Owners when applying for approval of projects;
- Identify projects that require ARC review and approval; and
- Show Owners what is expected of them in the Architectural review process

Violators are subject to the Compass Pointe Master Association approved **Violation Process Resolution.**

Architectural Review Submittal Process

The review process begins with the submission of an Architectural Review Package by the homeowner. The Architectural Review Package consists of the Application for Architectural Change or Addition to Home Exterior Form with the required documents and plans which describe and provide details of the proposed change(s).

Application forms are available by request from the Compass Pointe HOA office located in the Pointe Wellness Center, www.kuester.com or community owners website at www.compasspointenc.hoospace.com. To apply for Architectural Review by the ARC, submit a completed Application for Architectural Change or Addition to Home Exterior Form, fees, and all required plans to support@kuester.com **Plans must be reviewed and approved in writing by the ARC prior to the commencement of any work on the property.** No construction or work of any nature that deviates from the approved plans is allowed without prior written approval of the ARC. Home and Homesite owners are responsible for insuring that plans are submitted to the ARC in a timely manner and that all work completed is in accordance with the approved plan.

Changes to existing structures shall comply with the Architectural Design Standards for Existing Homes and with the current Covenants. The closing attorney or the Community Manager can provide copies of the current Covenants, which contain conditions and restrictions for construction and other requirements. **Please take into consideration all the requirements before proceeding with your plans and submitting them to the ARC.**

Per the Covenants, the ARC has thirty (30) days from submission to respond to the request. Once plans have been approved, inspections may be made to ensure compliance. Additionally, penalties may be assessed, or other action taken if the requested change(s) are commenced without ARC approval or if change(s) are not in compliance with the ARC approved plans.

ARC will review the plans and the Owner will be notified in writing by the property management company of the ARC's decision.

Architectural Review Fees

The following fees are required for Architectural Review submittal. Applications will not be considered complete or submitted until the Compass Pointe Master Association, Inc. receives a check in the amount of the applicable fees.

Please make all fee checks payable to: ***Compass Pointe Master Association, Inc.***

1. Non – Refundable Review Fee:
 - **\$25.00** - Projects that cost less than \$250.00
 - **\$50.00** - Projects that cost less than \$500.00
 - **\$100.00** - Projects that cost more than \$1000.00

FENCE GUIDELINES

Revision July 2018

All homesites, except homesites with alleys, are only allowed to install four-foot or lower aluminum fencing similar to that at the Grand Lanai pool area and in accordance with the type of area the homesite is located and further detailed below. Alley Homesites may also install up to seven -foot tall wooden fences as detailed below.

If fencing encroaches on utility or maintenance easements it will be the homeowner's responsibility to replace the fencing if it must be removed to access the easement.

A developer or builder group may formulate their own fence guidelines for a section of homesites which may deviate from this and may include front yard fencing. Developer or builder installed fences abutting homeowner's property that must be maintained by the homesite owner.

Homes abutting other homes or berms

A four-foot tall or lower aluminum fence may be installed in the rear and side yards. The side yard fence may not be any closer to the front corner of the home than fifteen feet unless it is encompassing a side door. (For example, a side garage pedestrian door.) If there is a berm in the side or rear yard, the fence cannot be placed on the top of the berm, it must be placed along the relative base of the berm (knowing all berm bases are not straight, the fence should predominantly be at the base of the berm and not more than a foot up the berm in limited areas if needed).

Homes abutting nature or conversation areas

A four-foot tall or lower aluminum fence may be installed in the rear and side yards. The side yard fence may not be any closer to the front corner of the home than fifteen feet unless it is encompassing a side door. If there is a berm in the side or rear yard, the fence cannot be placed on the top of the berm, it must be placed along the relative base of the berm (knowing all berm bases are not straight, the fence should predominantly be at the base of the berm and not more than a foot up the berm in limited areas if needed). Fences may encompass wetland on ones' property, however the post within the wetland are not allowed to be secured with anything other than the dirt the post is driven (that is no concrete or the like poured around the posts).

Homes on ponds and lakes

A four-foot tall or lower aluminum fence may be installed in the rear and side yards. The side yard fence may not be any closer to the front corner of the home than fifteen feet unless it is encompassing a side door and no closer than five feet to side property lines. The fence along the pond must stay out of the maintenance easement of the pond. If the fence is using material taller than three feet, then the rear corners of the fence toward the pond must be angled at 45% angle ten feet back from the rear location of the fence.

Homes on golf holes

A four-foot tall or lower aluminum fence may be installed in the rear and side yards. The side yard fence may not be any closer to the front corner of the home than fifteen feet unless it is encompassing a side door. The fence must be no longer than eight feet to the golf course (the homesite's rear property line) and no closer than five feet to side property lines. If the fence is using material taller than three feet, then the rear corners of the fence toward the golf course must be angled at 45% angle ten feet back from the rear location of the fence.

Homes abutting alleys (even if the home’s driveway does not utilize the alley)

A four-foot- tall or lower aluminum fence or wood board on board fences up to seven feet in height may be used to fence in the rear and side yards. The rear fence line along the alley must remain outside of the alley right of way and utility easements and will include an enclosure for the trash and recycling containers. The fence should be stained or painted dark green, light brown or off white. Certain neighborhoods may have a different set fence color.

Invisible Pet or Radio Fencing

Invisible pet or radio containment fencing is permitted without approval but is only allowed to be installed and or operated where it will contain the pet on the side and backyards of the homesite and not in the front yard. A bark collar may be required if the pet barks at passing pedestrians, cyclists, etc. or simply barks excessively (more than seven times a minutes).

Dog Runs are not allowed.

A dog run is defined as a fenced in area that does not include the home as one of it’s long sides. A side yard fence that is attached to the home and uses the side of the home as a part of the fenced in area is not considered a dog run.

LANDSCAPING

Landscaping promotes a high-quality community and enhances property values for the entire community. Imaginative landscape design provides color and texture while enhancing the architectural character of the home. Property owners are encouraged to consult with a landscape architect or designer to assist them in the preparation of a landscape plan.

Submit landscape plan showing:

- Outline of all structures and site elements i.e. house, driveway, walkways, patios, conservation areas, easements etc.
- Outline of proposed tree and shrub locations, lawn areas, ground cover, and seasonal color areas with quantities and common or botanical name, container size, tree caliper and height, ground cover container size, spacing, and the sod type indicated.
- Mulched areas and any hard landscape elements (arbors, trellises, fences, patios, walls, stepping stones etc.)
- Native plants are recommended along with tropical plants acclimated to the NC Southeastern coast.
- A minimum of three 10’ tall or taller palm trees and one 2-1/2” caliper tree is required in each front lawn in community neighborhoods. A minimum of two 10’ tall or taller palm trees are required in the front lawn in village neighborhoods. Additional tree guidelines in village neighborhoods will be approved based on the village theme.
- Planting beds must be mulched with pine straw or hardwood mulch to control weeds and conserve water. Natural colored rocks may also be used subject to ARC approval. Please note: Mulch is not allowed in the Cottage’s

- Screening of HVAC units, grinder pumps, above ground transformers, junction boxes, etc. is required. When screening transformers and junction boxes follow utility setback requirements, typically located on a sticker on the box.
- Location of liquid propane tanks or other fuel storage container. Tanks must be buried unless extenuating circumstances exist. Example: Setbacks, wetlands.
- Location of any proposed landscape lighting indicating fixture type, bulb type and wattage if applicable.
- An automatic timed irrigation system is required for irrigation purposes and shall be mounted outside the home and outside of any fencing. **Rain sensors must be installed.**
- In community neighborhoods, foundation plantings shall encompass entire foundation of the home and be of sufficient size and height (7-gallon container size minimum or if a smaller container size the plant would be a mature size of that species) to screen any foundation or crawl space under the house and decks.
- Limited removal of trees is the policy of Compass Pointe. Approval from ARC is required to remove any tree with a trunk caliper of 5" at 5' from the ground.
- No privacy hedges or similar planting may be planted without ARC approval.
- Replacement of trees or shrubs with similar trees or shrubs does not require approval.
- Seasonal flowers and plants do not require approval.
- Landscaping with irrigation systems must be completed within 30 days of certificate of occupancy. All Irrigation heads must be directed away from sidewalks, trails and water bodies.

LANDSCAPE LIGHTING

- Well-designed exterior lighting can add a dramatic touch to a home site. The key to a successful lighting system is the proper placement of the right fixtures to produce the desired lighting effects. Landscape lighting includes up lighting, down lighting, back lighting, shadowing and accent lighting among plants. The light source should be hidden so that only the effect of the light on the subject is seen.
- Low voltage lighting offers a wide variety of fixtures and bulbs to produce virtually any landscape lighting effect.
- All exterior lighting should be installed so as not to disturb neighbors or impair vision of traffic on adjacent streets.
- Colored lights are prohibited.
- If any lighting is added after construction, it should first be approved by the ARC.

Walkway - down lighting can be added for safety reasons.
Lighting should be 4' apart [unless installation instructions advises otherwise]
Low voltage lighting is permitted without ARC approval provided it follows these guidelines.

Driveway

Driveway markers are **not** permitted
Lighting should begin 10' from the curb and be spaced at 4' intervals [unless installation instructions advise otherwise].

Landscape

Up lighting is allowed on trees and lighting should face the house, not the street.

OUTDOOR STRUCTURES AND ACCESSORIES

Arbors, pergolas and trellises

Arbors, pergolas and trellises are permitted. Location, elevations and finishes must be submitted to ARC for approval prior to beginning construction.

Boats and Recreational Vehicles

Recreational vehicles (boats, RVs motor homes and campers) shall be stored in a garage. They may be parked in a driveway no longer than 24 hours. Golf carts must be garaged at night. Residents and guest are allowed to park their personal golf carts in driveways and public locations within Compass Pointe between the hours of 5:00am to 1:00am.

All golf cart drivers must have a valid drivers' license or be accompanied by a properly licensed adult sitting in the front seat of the golf cart. Individual exceptions can be made with prior HOA approval. Golf carts are subject to all laws applicable to motor vehicles which include driving on the right side of the road, (in golf cart lanes when available), properly use rotaries (roundabouts), obey 18 mph speed limit, and golf carts are not permitted on sidewalks or pathways in the community.

Clothesline

There shall be no outdoor clothesline on any home site

Commercial Vehicles

A "commercial vehicle," as that term is used in the Compass Pointe covenants, includes any commercial-use vehicle or truck (other than a law enforcement vehicle) which bears a company name or logo, any vehicle with ladders on top or in a thick bed, and any "box" van or truck. All commercial vehicles are prohibited by the Compass Pointe covenants from parking on roads, driveway or otherwise in Compass Pointe unless they are stored in enclosed garages; provided however, construction, service and delivery vehicles are permitted to park in Compass Pointe but only during daylight hours for such period as is reasonably necessary to provide a service or to make a delivery to a Unit or the Common Area.

Deck

Design should be consistent with the architectural character of the house.

Decoys

A maximum of 3 waterfowl decoys may be placed within 8 feet of the waters edge.

Docks

Docks are permitted subject to ARC approval. Dock must be constructed of pressure treated lumber not to exceed 8x12 feet in size. Dock shall start at 2' ashore and extend a maximum of 6 feet into the water. It is recommended docks be sealed with a clear sealing material. Floating docks are not permitted.

Flags

No in-ground flagpoles are allowed.

The American Flag no larger than 4 feet x 6 feet may be flown on a pole attached to the home in an approved location and displayed in accordance with traditional rules and regulations governing the flying and display of the American Flag.

Fountains

Fountains over 36 in height require ARC approval.

Holiday Decorations

Christmas lighting and decorations may be displayed from Thanksgiving Day through January 15 only. Easter, Halloween and other holiday decorations may be displayed 2 weeks prior and 1 week after the holiday. Inflatable decorations are prohibited.

Hot Tubs

Hot tubs shall be shown on the site plan or landscape plan. Hot tubs shall not be installed on the front of any home. Hot tubs will be subject to additional screening requirements as imposed by the ARC.

Invisible Fence

Invisible fencing is only allowed to be installed on the side yards and backyards of properties and NOT in the front yard.

Garbage Cans

All trash receptacles and garbage cans shall be stored in a garage or screened by an approved enclosure, fence or natural landscape materials.

Junk Vehicles

No stripped, partially wrecked, junk motor vehicle or part, or any motor vehicle not displaying a current valid inspection sticker shall be permitted to be parked on any home site.

Mailboxes

Mailboxes are specified by the Developer and installed by the builder. Homeowners are responsible for maintenance and the repair or replacement if mailbox is damaged following installation.

Patios and Patio Enclosures, Screened Porches

Outdoor living areas should be consistent with the architectural character and details of the home. Porches on the rear of the home may be screened or glazed. Patio surfacing materials should be concrete, stone or pavers. The location, materials and finish used on all porches shall be submitted for approval.

Pet Enclosures

Pet enclosures/houses, dog runs are not allowed.

Play Structures

Play structures require approval by the ARC. Play structures must be within 20' of home and at least 25' from side property lines on water lots. They are limited to the rear yard and generally should not be visible from any street or adjacent properties. Structures must be made of wood with a natural finish. They may subject to additional screening requirements or fencing as imposed by the ARC. Inflatable play structures are not permitted. No basketball backboards and/or baskets (nets) shall be attached to the dwelling. Portable basketball goals must remain on the driveway near the garage area and away from the street and must be stored in the garage when not in use.

PODS – PODS are limited to a period of 72 hours for purposes of loading or unloading. Extensions may be granted by contacting the property management company.

Satellite Dishes & Outside Antennas

Installation of a satellite dish does not require prior approval. Installation must comply with the following guidelines. The satellite dish must be one meter or smaller in diameter. The installation must be in the most inconspicuous location of the property that will allow for acceptable signal reception.

Sheds

Sheds and other detached structures are not permitted on water lots. For non-water lots, they are limited to the rear yard and generally should not be visible from any street or adjacent properties. Structure must have significant details matching house, i.e. brick and roof shingles. Any structure that is not a visual asset to the lot will require fencing or screening from streets and other lots. Prefabricated sheds are prohibited. Structure shall be outside of construction easements and at least one and one-half times the side setback from the property line.

Signs

No signs may be placed or erected on any lot other than the standard Compass Pointe and approved builder signs. No sign may be nailed to a tree. Political signs are allowed during certain time periods as further described in the Covenants.

Storm Doors

Clear view (full light) storm doors and storm doors that mimic the characteristics of the door they are covering are permitted without approval of the ARC. ARC must approve all others.

Swimming Pools/Hot tubs/ Water Features

All proposed swimming pools, hot tubs, fountains over 36 inches, waterfalls, etc. must be submitted to ARC for approval and comply with NC State Law in addition to the Design Guidelines. Above ground swimming pools are prohibited. Bubble covers for in-ground pools are prohibited.

Yard Ornaments/Decorative Objects/Garden Flags

NO Yard Ornaments, Decorative Objects or Garden Flags are permitted within front yard areas of dwellings within Compass Pointe.

Such items are permitted in the rear yard areas; however, no such ornament, object or flag may exceed a height of 36 inches.

Traditional bird baths, birdfeeders, birdhouses and decorative planters are permitted and may be placed in any area without Architectural Review Committee approval.

PLEASE NOTE: Changing the character of an object so as to make it fall within one of the above allowable categories is not permitted. An example would be attaching flower pots to a bicycle to make it a planter or affixing a bowl atop a statue to make it appear to be a birdbath or feeder.

For further information regarding any yard ornament, decorative object or garden flag you are considering please contact the Architectural Review Committee.

DEFINITIONS

Front Yard: Line drawn perpendicular to the front corners of the dwelling lying opposite the street upon which the dwelling fronts and extending to the side lot lines. Where a garage extends forward of said line (courtyard or side load garage) the front corners of the garage are not to be used as a basis for defining the front yard line. All areas lying between the front line and the street are considered front yard areas except for driveways and walkways.

Rear Yard: Line drawn perpendicular to the rear corners of the dwelling extending to the rear lot line. The rear corner of the dwelling does not include patios or pads adjacent to the dwelling but is defined by the actual living portion of the dwelling.

Side Yard: Any area adjacent to the dwelling lying between the front and rear lot lines as defined above.

ALLEYWAY PARKING

Overnight Parking on all streets within Compass Pointe is expressly prohibited. Where parking spaces have been located in front of a dwelling such spaces are designated for construction, delivery and guest parking only. Said parking spaces are **NOT** to be used by the owner/residents for overnight parking at any time. All resident parking by owner/residents is to be located within the driveway or garage of their dwelling.

IMPERVIOUS SQUARE FOOTAGE LIMITS

Impervious square footage for a given home site is defined as the cumulative impervious square footage for any given lot, the area where water or moisture can not go into the ground such as driveways, patios, walkways, plus the home's footprint. Every one of Compass Pointe's sections and their given streets, have been assigned a maximum impervious square footage rating with the State of North Carolina as further described in the Covenants. In order to calculate the building lots planned or existing impervious square footage, one must first figure out the house footprint, then add on walkways, patio expansions etc. Owners may call the on-site management company representative for assistance in calculating impervious square footage limits for their property. They should be on record with the original ARC application.



APPLICATION FOR ARCHITECTURAL CHANGE OR ADDITION TO HOME EXTERIOR

Date: _____ E-Mail Address: _____

Name: _____ Phone#: _____ Cell#: _____

Address/Lot # _____, Leland, NC 28451

Description of Change/Addition: _____

General Contractor Name: _____ NC Contractor License #: _____

Contractor Mailing Address: _____

Contractor Phone #'s: Office: _____ Street _____ City _____ St _____ Zip _____
 Cell: _____ E-Mail: _____

Has Contractor read and become familiar with: Compass Pointe Residential Protective Covenants? Yes No
 Governmental Building Codes/Requirements? Yes No
 Compass Pointe Architectural Design Guidelines? Yes No

Is your home located on: A lake/pond: _____ the golf course: _____ A conservation area? _____

How long do you expect completion of the proposed work to take? _____

Are you requesting a change in exterior color of your home: **NO YES** - Attach a color sample?

Exterior elevation of your home affected by the change (Circle all that apply):

Front Back Right-Side Left Side

FOR THE ADDITION OF A POOL, PATIO OR OTHER HARD SURFACE

Max Impervious Sq footage of property _____

Impervious Sq footage of property after change _____

FENCING (Please see ARC Design Guidelines for acceptable fencing.)

Submit a picture of the fence if possible Aluminum

Material: _____ Height: _____ ft.

Is there a fence on your neighbor's property? Yes No

Have you discussed joining your fence with theirs? Yes No

ATTACH

1. **A detailed sketch or drawing** (to scale), photograph or manufacturers brochure showing the details of your change/addition.

2. **A copy of your home survey** showing exact location of residence, easements, distance to property line of all improvements including fencing. Changes to the exterior of your home should be shown on a scale copy of the elevation that will be changed. **FOR FENCING:** Mark the requested location of fencing in a manner that will be clearly visible and show any fencing on adjoining property. Mark the location of the change in a manner that will be clearly visible.

3. **Fees**

- **Nonrefundable \$50.00 review fee/ projects costing less than \$50.00** (Payable to “Compass Pointe Master Association)
- **Nonrefundable \$100.00 review fee/ projects costing more than \$100.00** (Payable to “Compass Pointe Master Association)

BY SIGNING BELOW, I ACKNOWLEDGE THE FOLLOWING:

- Owner’s Association account may not be delinquent to have request considered by the Architectural Review Committee.
- You understand and agree that work on the project represented on this request has not nor will be started until approval is received in writing from the Architectural Review Committee.
- You are responsible for the timely completion of the project and the prompt removal of any debris accumulated.
- It is your responsibility to comply with the zoning, building codes, laws etc. of all governmental authorities.
- An Easement may exist on your property—KNOW WHERE!!—before you begin your project.
- Are you in compliance with Articles 10 and 11 of the Protective Covenants, Architectural Guidelines, and Rules and Regulations?
- I understand that approval by ARC is for aesthetic considerations only and does not represent structural integrity Or soundness of construction.

Submitted by (Signature: _____)

Print Name: _____

Address: _____

Date: _____

For Office Use, Only

DATE REVIEWED BY ARC: _____ APPROVED: _____ NOT APPROVED: _____

PENDING: _____ FEE: _____

Reason not approved or pending

1. _____
2. _____
3. _____