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 Document contains seals verified by original instrument that cannot be reproduced or copied. *[Signature]*

### DECLARATION OF COVENANTS FOR THE TOWNHOMES ON EASTWOOD BLUFF AT SEA TRAIL

Prepared by: Murchison, Taylor & Gibson, PLLC  
16 North Fifth Avenue, Wilmington, NC 28401

NORTH CAROLINA

BRUNSWICK COUNTY

This Declaration of Covenants for The Townhomes on Eastwood Bluff at Sea Trail amends, restates, replaces and supersedes the Declaration of Covenants for The Townhomes on Eastwood Bluff at Sea Trail recorded in **Book 2631, Page 1345** of the Brunswick County Registry.



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THE TOWNHOMES ON EASTWOOD BLUFF AT SEA TRAIL**

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NORTH CAROLINA

BRUNSWICK COUNTY

**THIS DECLARATION OF COVENANTS FOR THE TOWNHOMES ON EASTWOOD BLUFF AT SEA TRAIL** (this "Declaration") is made this 30 day of July, 2007, by **EASTWOOD BLUFF, LLC**, a limited liability company organized and existing under the laws of the state of North Carolina (the "Declarant"), pursuant to the North Carolina Planned Community Act (N.C.G.S. §47F-1-101 et. seq.). **SEA TRAIL CORPORATION**, a North Carolina corporation organized and existing under the laws of the state of North Carolina ("Sea Trail"), also joins herein in order to evidence its consent that the Property be subject to and bound by the covenants and conditions contained herein.

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain real property located in Brunswick County, North Carolina, which property is more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the "Property");

WHEREAS, the Property is a "Village" within Sea Trail and is subject to the Second Amended Consolidated Master Declaration and Development Plan for Sea Trail Plantation Including Covenants, Conditions and Restrictions (the "Master Declaration"), recorded in **Book 2520, Page 93** of the Brunswick County Registry, as the same may be amended from time to time; and

WHEREAS, Declarant has previously recorded the Declaration of Covenants for The Townhomes on Eastwood Bluff at Sea Trail in **Book 2631, Page 1345** of the Brunswick County Registry (the "First Declaration");

WHEREAS, in accordance with Section 15.3 of the First Declaration, the Declarant reserved the right to amend the First Declaration for the purposes of correcting and/or modifying situations or circumstances which may arise during the course of development;

WHEREAS, in order to correct and/or modify situations or circumstances which have developed, the Declarant desires to amend, restate, replace and supersede the First Declaration as provided herein;

WHEREAS, Declarant now desires to submit the Property to the terms of this Declaration, while reserving the right to submit any of the Expansion Area (as said term is defined in Article I) to the Declaration in the future.

NOW, THEREFORE, in accordance with Section 15.3 of the First Declaration and as the owner of the above described real property, Declarant hereby amends, restates, replaces and



supersedes the First Declaration with this Declaration of Covenants for The Townhomes on Eastwood Bluff at Sea Trail (the “Declaration”); Declarant hereby submits the Property, including all improvements, easements, rights, and appurtenances thereunto belonging, to the provisions of the North Carolina Planned Community Act and to the provisions of this Declaration; and hereby creates with respect to said Property (and any additional property subjected to this Declaration by Supplemental Declaration) a planned community to be known as “**THE TOWNHOMES ON EASTWOOD BLUFF AT SEA TRAIL**”; and hereby declares that the Property shall be held, sold, leased, used, occupied, improved, and conveyed subject to the following covenants, conditions, restrictions, uses, limitations, and obligations, all of which shall be deemed to run with the real property subjected to the Declaration and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in said property, their heirs, successors, and assigns.

**ARTICLE I**  
**Definitions**

The definitions of terms as set out in the Master Declaration, except as specifically modified or changed by this Declaration, are adopted and incorporated herein by reference.

The following additional definitions shall apply for purposes of this Declaration:

1.1 Articles of Incorporation or Articles: the Articles of Incorporation of The Townhomes on Eastwood Bluff Property Owners Association, Inc., as filed with the North Carolina Secretary of State, and as may be amended from time to time.

1.2 Association: The Townhomes on Eastwood Bluff Property Owners Association, Inc., a North Carolina non-profit corporation formed by the Declarant primarily as a property owners association for the Owners, all of whom shall be Members of the Association.

1.3 Board of Directors or Board or Executive Board: whether composed of one or more directors, the board governing the Association and managing the affairs of the Association.

1.4 Bylaws: the Bylaws of The Townhomes on Eastwood Bluff Property Owners Association, Inc., as they may be modified or amended from time to time.

1.5 Common Area: all real and personal property and facilities owned or enjoyed by the Association, other than a Unit.

1.6 Common Expenses: the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, together with any allocations to reserves, and the actual and estimated expenses of maintaining and operating the Common Area.

1.7 Declarant: Eastwood Bluff, LLC, a limited liability company organized and existing under the laws of the state of North Carolina, and its successors and assigns, if such successors or assigns should acquire more than one undeveloped Unit from the Declarant for the purpose of development and who are specifically assigned Declarant’s rights hereunder.

1.8 Expansion Area: any portion or all of that real property owned by the Declarant and located within a two (2) mile radius of the real property described in Exhibit A, which Declarant



may, but is not required to, annex to the Property from time to time as additional phase(s) of The Townhomes on Eastwood Bluff at Sea Trail.

1.9 Limited Common Area: portions of the Common Area which the Declarant has designated or designates for the common use or enjoyment of one or more but less than all of the Units. Limited Common Areas may be designated in the Declaration; or may be shown and designated on any maps of the Property which are or may be recorded in the Brunswick County Registry; or may be designated in any amendment to the Declaration annexing additional properties.

1.10 Limited Common Expenses: the actual and estimated expenses of maintaining, operating, repairing, and replacing the Limited Common Area, including insurance, reasonable reserves and utilities, as the Board may find necessary and appropriate pursuant to the Declaration, the Bylaws and the Articles of Incorporation of the Association for the benefit of the Limited Common Area.

1.11 Lot: any numbered plot of land appearing on any recorded plat of the Property.

1.12 Master Association: Sea Trail Plantation Master Association, Inc.

1.13 Master Documents: the Master Declaration and any supplements and amendments thereto, the Articles of Incorporation and Bylaws of the Master Association, any rules and regulations adopted by the Master Association, and all amendments and additions thereto.

1.14 Member: a Person who is entitled to membership in the Association, as provided in Section 5.2.

1.15 Owner: the record owner, whether one or more persons or entities, of a fee simple title to any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.16 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.

1.17 Property or Properties: the real property described in Exhibit A attached hereto and incorporated herein by reference that has been submitted to the provisions of this Declaration, together with such additions thereto, including without limitation, any portions of the Expansion Area as may hereafter be brought within the jurisdiction of the Association by the filing of a supplemental declaration (but such additions shall not be brought within the jurisdiction of the Association or subjected to the Declaration unless a supplemental declaration is filed as provided in Article 13).

1.18 Rules and Regulations: the rules and regulations adopted by the Board governing land use, individual conduct and uses or actions upon the Property, as the same may be amended or supplemented from time to time.

1.19 The Townhomes on Eastwood Bluff at Sea Trail or Eastwood Bluff: the development created or to be created on the Properties. Declarant anticipates, but does not guarantee, developing the Townhomes on Eastwood Bluff at Sea Trail into twenty-two (22) buildings, with each building containing four (4) attached Townhome dwellings.



1.20 Townhome or Townhouse: the dwelling constructed upon a Lot.

1.21 Unit: any portion of the Property other than Common Area, which has been subdivided for use as an individual building lot and/or designated for separate ownership by an owner, together with any Townhome dwelling situated thereon.

1.22 Village Documents: consists of the following, as they may be amended or modified from time to time: the Declaration and any supplements and amendments thereto, the Articles of Incorporation and Bylaws of the Association, any Rules and Regulations adopted by the Association; Board resolutions; and recorded plats of the Property.

**ARTICLE 2**  
**Master Declaration**

Declarant hereby adopts by reference, as if fully set out herein, all provisions of the Master Declaration, and any supplements or amendments thereto presently existing or hereafter adopted. The Townhomes on Eastwood Bluff is a "Village" within Sea Trail as that term is defined in the Master Declaration. Under the terms of the Master Declaration, the Sea Trail Plantation Master Association, Inc. has the right to veto any action taken by the Association hereunder. The Association or the Board shall have the right to delegate any or all of its power, duties, rights and obligations, including the rights to collect assessments and to enforce the Declaration to the Master Association. Any such delegation by the Association or its Board shall be subject to the Master Association's express authorization and/or assumption.

**ARTICLE 3**  
**Architectural Control**

In addition to the guidelines and restrictions contained in the Master Declaration and this Declaration, the Property shall be subject to any architectural design guidelines which may be adopted by the Architectural Review Committee (herein the "ARC") of the Master Association in accordance with the provisions of the Master Declaration.

**ARTICLE 4**  
**Declarant's Rights**

4.1 The Declarant hereby reserves the right to annex and subject to the Declaration any or all of the Expansion Area, in order to extend the scheme of the Declaration to other property to be developed and thereby bring such additional property within the jurisdiction of the Association.

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

4.3 Declarant reserves unto itself, its successor and assigns, those special Declarant rights as set forth in the North Carolina Planned Community Act, including but not limited to the following rights:



- a. To complete improvements indicated on its plats and plans;
- b. To exercise any and all development rights;
- c. To create Units, Common Area, and Limited Common Area on the Property;
- d. To annex any portion of the Expansion Area, and/or to withdraw any real estate from the Property.
- e. To maintain sales offices, management offices, signs advertising the Property or any additions thereto or any other Property owned and/or developed by Declarant;
- f. To use easements through the Common Area for the purpose of making improvements within the property or within real estate which may be added to the Property;
- g. To make the Property part of a larger planned community or group of planned communities; and
- h. To appoint or remove any officer or Board member of any Association or Master Association during any period of Declarant Control as set forth herein.

**ARTICLE 5**  
**Easements**

5.1 Easement for Utility Installation.

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

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

d. The Declarant also reserves the right to grant easements to public and/or private utility companies and to convey improvements within those easements anywhere in the Property for the above mentioned purposes. The Association hereinafter may grant easements for utility purposes for the benefit of the Properties and the Units now or hereafter located thereon, over, under, along and through the Common Areas. Provided, however that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Unit.

5.2 Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of any Expansion Area, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Each Owner hereby acknowledges that Declarant may (but shall have no obligation to) dedicate or grant easements on or relating to certain property adjacent to or in the vicinity of the Properties for educational, conservation or similar uses. Declarant hereby reserves the right to grant to third parties reasonable easements of access over and across the streets, sidewalks, recreational trails and Common Areas on the Property as and to the extent necessary or appropriate for the full use and enjoyment of such dedications or easements.

5.3 Easements for Cross-Drainage.

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

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

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

5.5 Easement for Entry. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article 11 hereof, and to inspect for the purpose of ensuring compliance with the Village Documents, which right may be exercised by any member of the Board, the Association, officers, agents,



employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

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

5.7 Common Area Easement.

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

b. Declarant, for itself, the Association, and their successors and assigns, hereby reserves the concurrent right to establish from time to time, by declaration, easements or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including but not limited to streets, paths, walkways, stormwater drainage, recreation areas, parking areas, ducts, shafts, flues, conduit installation areas, and to create other restrictions, exceptions, and exclusions for the best interests of all the Owners and the Association;

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

5.8 Easement for Golf Courses.

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



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

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

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

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

5.9 Easements for Exterior Maintenance by the Association. The Declarant, the Association, and their successors and assigns, hereby reserve the right to perform repairs and construction work, and to store materials in secure areas, on Units and Common Area, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work authorized by this Subsection may be performed by the Declarant without the consent or approval of the Board. The Declarant Association, acting through its officers, agents, servants, and/or employees shall have the right of unobstructed access at all reasonable times to all Properties as may be reasonably necessary to perform the exterior maintenance called for in Article 9 of the Declaration.

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

**ARTICLE 6**  
**Association**

6.1 Function of Association. The Association shall be the entity responsible for the management, maintenance, ownership, operation and control of the Common Area and Limited Common Areas owned or leased by the Association within the Properties. The Association shall be

the primary entity responsible for enforcement of the Declaration and such reasonable rules regulating use of the Common Areas owned or leased by the Association and the use of the Property as the Board may adopt. The Association shall perform its functions in accordance with the Governing Documents and applicable North Carolina law.

6.2 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of that membership. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association, provided that only one person (and such person's immediate family members with respect to membership rights other than voting) may be designated to act in such capacity for such an Owner at any particular time.

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

a. Class "A". Class "A" Members shall be all Owners of Units except the Class "B" Member, if any. Class "A" Members shall have one vote for each Unit in which they hold the interest required for membership under Section 6.2. In accordance with Section 6.3(c), there shall be only one vote per Unit.

b. Class "B". The sole Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve or withhold approval of actions proposed under the Declaration and the Bylaws, are specified throughout the Village Documents. The Class "B" Member may appoint the members of the Board during the Class "B" Control Period, which period is further defined herein. After termination of the Class "B" Control Period, the members of the Board shall be selected as provided in the Bylaws.

During the Class "B" Control Period, the Class "B" Member shall be entitled to three (3) votes for each of the planned Units that the Class "B" Member owns, including those Units which may be planned to be constructed on any of the Expansion Area, but which may or may not have been annexed to the Properties or subjected to the Declaration. The total number of planned Units is currently eighty-eight (88), although the actual number of Units may be more or less, and the Class "B" Member makes no representation whatsoever regarding the actual number of Units to be included in the Properties. The Class "B" Control Period shall terminate and the Class "B" membership shall cease and be converted to Class "A" membership on the happening of one of the following events, whichever occurs earliest:

(i) When the DECLARANT owns ten percent (10%) or less of the total number of the planned Units in the Property, including those Units which may be planned to be constructed on any of the Expansion Area, but which may or may not have been annexed to the Properties or subjected to the Declaration;

(ii) On January 1, 2026; or

(iii) When, in its discretion, DECLARANT so determines and declares in an instrument recorded in the public land records.



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

**ARTICLE 7**  
**Rights and Obligations of the Association**

- 7.1 Rights. The Association shall have the following rights to:
- a. Adopt and amend Bylaws and Rules and Regulations;
  - b. Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for Common Expenses from Owners;
  - c. Hire and discharge managing agents and other employees, agents, and independent contractors;
  - d. Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the planned community, subject however to the provisions of the Bylaws;
  - e. Make contracts and incur liabilities;
  - f. Regulate the use, maintenance, repair, replacement and modification of the Common Area;
  - g. Cause additional improvements to be made as a part of the Common Area;
  - h. Acquire, hold, encumber, and convey in its own name any right, title or interest to real or personal property, provided that Common Area may be conveyed or subjected to a security interest only pursuant to applicable law;
  - i. Grant easements, leases, licenses, and concessions through or over the Common Area;
  - j. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Area and for services provided to Unit Owners;
  - k. Impose reasonable charges for late payment of assessments and, after notice and an opportunity to be heard, suspend privileges or services provided by the Association (except rights of access to Units) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer;
  - l. After notice and an opportunity to be heard, impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to Units) for reasonable periods for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;



m. Impose reasonable charges in connection with the preparation and recordation of documents, including, without limitation, amendments to the Declaration or statements of unpaid assessments;

n. Provide for the indemnification of and maintain liability insurance for its officers, Board, directors, employees and agents;

o. Assign its right to future income, including the right to receive Common Expense assessments;

p. Exercise all other powers that may be exercised in this State by legal entities of the same type as the Association;

q. Exercise any other powers necessary and proper for the governance and operation of the Association; and

7.2 Common Area. The Association, subject to the rights of the Owners set forth in the Declaration, shall manage and control the Common Area and all improvements thereon (as defined in other sections herein including, without limitation, roads, road rights of way, recreation pathways, decks, docks, boardwalks, lighting, irrigation, furnishings, equipment, and common landscaped areas). The Association shall keep such areas and improvements in good repair and in a clean, attractive, and sanitary condition consistent with the Declaration.

7.3 Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. The Declarant may convey to the Association improved or unimproved real estate located within the Properties, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed. Upon Declarant's written request, the Association shall reconvey to the Declarant any unimproved portions of the Common Area which Declarant previously conveyed to the Association, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

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

7.5 Enforcement. Subject to the requirements of the Planned Community Act, the Association may impose sanctions for violations of any of the Village Documents, including reasonable monetary fines, suspension of the right to vote, and/or suspension of the right to use any recreational facilities within the Common Area. In addition, the Association may exercise self-help to cure violations; and, after notice and an opportunity to be heard, may suspend any services it provides to the Owner of any Unit who is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as an Individual Assessment authorized by Article 8 of the Declaration.

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

7.7 Indemnification. To the maximum extent allowed by North Carolina law, the Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board incumbent at the time of such settlement) to which he or she may be party by reason of being or having been an officer, director or committee member. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

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

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

7.10 Management and Administration. The management and administration of the Common Areas shall be the sole right and responsibility of the Association. The management shall be carried out in accordance with the terms and conditions of the Master Documents and the Village Documents, but they may be delegated to a manager(s) or management service(s).

7.11 Assignment to Association. Sea Trail and/or the 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 Association, in which case the Association shall be required to assume same. After such an assignment, the 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 the Properties.



**ARTICLE 8**  
**Assessments**

8.1 Creation of the Lien and Personal Obligation of Assessments. The Association is hereby authorized to levy assessments against each Unit for Association expenses as the Board may specifically authorize from time to time. Each Owner, by accepting a deed or by entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay the following assessments to the Association, as more specifically provided herein: (1) General Assessments to fund Common Expenses for the general benefit of all Units within the Properties, (2) Special Assessments, (3) Individual Assessments, (4) Service Assessments, and (5) Working Capital Assessments; and each Owner is also deemed to covenant and agree to pay to the Master Association the Master Association assessments and any other applicable assessments, fees, or working capital contributions as may be levied by the Master Association in accordance with the Master Declaration.

All assessments, together with interest from the due date of such assessment at a rate determined by the Board (but not to exceed the highest interest rate allowed by North Carolina law), late charges, costs, fees, fines, reasonable attorney's fees shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made until paid. Each such assessment, together with interest, costs, late fees and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment fell due.

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

8.2 General Assessments. The initial General Assessment, due and payable to the Association, shall be prorated and paid at the time of closing of the purchase of a Unit by an Owner, so that all payments thereafter shall be due on January 1 of each year or the due date(s) which may be set by the Board as is more fully set forth in Section 8.9. All General Assessments shall be fixed to a uniform rate for all Units. The General Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents in the Properties; for the improvements and maintenance of the Common Area and Limited Common Area; for payment of deductibles and insurance premiums described in Article 10; the maintenance of reserves for the repair and replacement of improvements located on the Common Area and for such other purposes as the Board may determine; and to pay the taxes and other municipal charges or fees of the Common Area and Limited Common Area.

8.3 Computation of General Assessment; Budget.

a. At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare and distribute to the Members a budget covering the estimated Common Expenses during the coming year (including, without limitation, any contributions to be made <sup>any</sup> capital reserve funds as described in Section 8.4). 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 Units, and the amount to be generated through the levy of all applicable assessments against Units.

b. The General Assessments shall be levied at a uniform rate against all Units and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment on the first day of the fiscal year for which the budget is prepared and the number of Units reasonably anticipated to become subject to assessment during the fiscal year. This Section 8.3 shall apply to the determination of all General Assessments for fiscal years beginning after the date of the recording of this Declaration.

c. The Board shall send a summary of the final budget, together with a notice of the amount of the General Assessments 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 Members at which the Member's ratification of the 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 Members to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after the mailing of the summary and notice referenced in this paragraph. Notwithstanding any other provisions of the Governing Documents, there shall be no requirement that a quorum be present at such meeting. Notwithstanding any other provision of the Governing Documents, the proposed budget shall automatically be deemed ratified and become effective unless disapproved at such meeting by: (i) Members representing at least seventy-five percent of the total Class "A" votes in the Association and (ii) the Class "B" member, if such member exists. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

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

8.4 Capital Reserve Budget. The Board shall annually prepare a capital reserve budget for maintenance and replacement of capital improvements which 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 capital improvements shall specifically include but shall not be limited to the following: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, brick walls and other exterior improvements, as described in Section 9.1 herein.

8.5 Special Assessments. In addition to the General Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement including repairs, replacements or maintenance resulting from storm damage upon the Common Area, including easement areas, fixtures, and personal property related thereto, or other expenses in excess of those budgeted. 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 year Member. In addition, the Board may also establish Special Assessments for the maintenance of sewer lines and other elements of the sewer system, the drainage and stormwater runoff systems, and other utility systems, as required by government permits or regulations. Subject to the foregoing provisions, all other Special Assessments shall have the assent of the majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed to a uniform rate for all Units.

In addition to the General Assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon a Limited Common Area, including easement areas, fixtures, and personal property related thereto provided that any such assessment shall have the assent of a majority of the votes of those Members whose Units are assigned to the Limited Common Area who are voting in person or by proxy at a meeting duly called for this purpose. Special assessments for the maintenance of sewer lines and other elements of the sewer system, the drainage and stormwater runoff systems, and other utility systems located in a Limited Common Area as required by government permits or regulations, may be assessed by the Board without a vote of the Members. All special assessments for capital improvements to such Limited Common Area shall be fixed to a uniform rate for all Units assigned to the Limited Common Area.

#### 8.6 Individual Assessments.

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

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

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

(iii) To cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, including, without limitation, Article 14, any applicable Supplemental Declaration, the Articles, the Bylaws, Rules and Regulations, or Design Guidelines or costs incurred as a consequence of the conduct of the Owner or occupant of the Unit, their lessees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying an Individual Assessment under this subsection (a).

8.7 Service Assessments. The Board shall have the power to levy Service Assessments against a particular Unit or Units constituting less than all Units within the Properties to cover the costs, including overhead and administrative costs, of providing specialized maintenance and/or landscaping services to such Unit(s) and the occupants thereof. Such assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner. Notwithstanding the foregoing to the contrary, the fact that the Association levies a Service Assessment shall not be deemed to impose any obligation upon the 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.



8.8 Working Capital Assessment. At the time title is conveyed to an Owner by Declarant, the new Owner shall contribute to the Association as working capital an amount equal to one quarter of the General Assessment at the rate in effect at the time of the conveyance. Such funds shall be used for initial operating and capital expenses of the Association, such as prepaid insurance, supplies, and the Common Area, furnishings, and equipment, etc. Amounts paid into the working capital fund are not to be considered as advance payment of regular assessments. All working capital funds shall become part of the general operating funds of the Association.

8.9 Date of Commencement of General Assessments and Due Dates. The General Assessments provided for herein shall commence on the date of conveyance of each Unit to an Owner other than Declarant. The initial General Assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Board. The Board shall require the General Assessments to be paid at least annually, but may require the General Assessments to be paid more often. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid.

8.10 Lien for Assessments.

a. All assessments authorized in this Article, together with interest and expenses, including reasonable attorney's fees (as permitted by law) shall constitute a charge on and a continuing lien upon the Unit against which the assessment is levied, which lien shall be superior to all other liens and encumbrances on the Unit, except the liens of all ad valorem taxes or assessments and any other liens which by law would be superior. Such lien shall become effective when a notice thereof ("Claim of Lien") is filed of record in the Office of Clerk of Superior Court of Brunswick County, North Carolina, provided such Claim of Lien shall not be filed until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due. Such Claim of Lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied.

b. In the event of any transfer of title to a Unit, the lien of the assessments shall not be extinguished nor shall the Unit be relieved from the lien for any subsequent assessments. Each assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage or any individual obtaining title by or through a foreclosure shall be personally liable for unpaid assessments which accrued prior to such acquisition of title.

8.11 Default in Payment of Assessments: Remedies of the Association.

a. Any assessments or portions thereof that are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the due date at a rate set by the Board, not to exceed the maximum legal rate allowed in the State of North Carolina per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Board in any proceeding



brought to collect such unpaid Assessments; and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors.

b. The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of Brunswick County, North Carolina and/or file a suit to collect such delinquent assessments and charges. The Association may also file Notice of *Lis Pendens*, bring an action of law against the Owner personally obligated to pay the same; bring an action to foreclose the lien against the property, and utilize any other remedy provided under North Carolina law. In any event, a judgment, decree, or order in any action brought under this Article 8 shall include costs and reasonable attorney's fees for the prevailing party, subject to the limitations of N.C.G.S. §47F-3-116, and the same shall be added to the amount of any such assessment. The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit.

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

8.13 Exempt Property. The following property shall be exempt from payment of General Assessments, Service Assessments and Special Assessments:

- a. All Common Areas and Limited Common Areas;
- b. Any property dedicated to and accepted by any governmental authority or public utility;
- c. Any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment hereunder (in which case the Unit shall not be exempted from assessment);
- d. Any Unit which is not approved by any governmental agency for residential use;
- e. Any Unit or property owned of record by the DECLARANT, its successors or assigns, except as otherwise provided in Section 8.14; and
- f. Any portion of the Expansion Area which has not been brought within the jurisdiction of the Association by the filing of a Supplemental Declaration.

8.14 Declarant's Obligation for Assessments. During the Class "B" Control Period, Declarant may annually elect to either: (1) pay regular assessments on its unsold Units or (2) pay the difference between the amount of assessments collected on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year. Unless the Declarant otherwise notifies the Board in writing at least 45 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding



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

8.15 Surplus Funds. Notwithstanding the provisions of N.C.G.S. §47F-3-114, any excess of Association income over Common Expenses (as defined in Article 1 and which shall include reasonable reserves) shall be applied to reserves or other future expenses as the Board deems appropriate.

**ARTICLE 9**  
**Maintenance, Repair and Replacement**

9.1 Responsibility of the Association. The Association will maintain, repair and replace all of the Common Area, except the portions of any Common Area designated as Limited Common Area which are required by this Declaration to be maintained, repaired or replaced by Owners to which the Limited Common Area is allocated and except for any maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, invitees or family members, which shall be the responsibility of that Owner. The actual and estimated expenses of maintaining, operating, repairing, and replacing the Common Area, including insurance, reasonable reserves, and utilities, as the Board may find necessary and appropriate pursuant to the Declaration, for the benefit of the Common Area shall be assessed at a uniform rate to all Units.

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Unit which is subject to assessment hereunder as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, brick walls and other exterior improvements. Such exterior maintenance shall not include glass surfaces, exterior doors, and window frames (i.e. entire window unit) unless approved by the Board, except the Association shall be responsible for painting exterior doors.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests, invitees, or licenses, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Unit is subject.

The exterior maintenance obligations described in the preceding paragraphs shall also apply to the Limited Common Area(s) hereinabove defined and shall include, in addition, maintenance of any walks, driveways, walkways, arbors and such landscaping as may be directed by the Board, which may be located in Limited Common Area as well as all personal property, fixtures, or other property placed upon the Limited Common Area by Declarant or the Association. Notwithstanding anything to the contrary contained in this Declaration, routine maintenance and repair to external surfaces located within or constituting Limited Common Elements done in conjunction with routine maintenance and repair to a building as a whole, such as painting of the entire building, may be borne as a Common Expense without allocation to individual Units, at the discretion of the Board. Expenses associated with the maintenance, repair or replacement of components and elements attached to, planted on or a part of exterior doors, windows and skylights will be assessed against the Unit or Units to which the Limited Common Area is assigned. If any such Limited Common Area serves more than one Unit, the expenses attributable to the Limited Common Area will be assessed equally among the Units which it serves. This expense against fewer than all the Units will be collected as an assessment against only those Units and is due at the time the expense is incurred.

9.2 Responsibility of the Owner. Except for the maintenance required herein of the Association, each Owner will be responsible for all other required maintenance of the exterior and interior of his or her Lot and Unit, including the fixtures and utilities located in the Unit to the extent current repair shall be necessary in order to avoid damaging other Persons, Units, the Common Area, or the Limited Common Areas. All fixtures, equipment, and utilities installed and included in a Unit commencing at a point where the fixtures, equipment, and utilities enter the Unit shall be maintained and kept in repair by the Owner. The Owner at the Owner's expense shall maintain, repair or replace the heating and air conditioning units (HVAC), air handling units, heat exchanger, heat outlet, enclosures and mechanical attachments. The Owner shall not allow any action of work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of any townhome building, or impair any easement or hereditament. An Owner is responsible for a repair resulting from a casualty occurring within, or affecting the inside of the Unit. Each Owner shall be responsible for removing all snow, leaves and debris from all doorsteps or stoops appurtenant to his Unit.


If an Owner of any Lot fails to maintain that Lot and the improvements thereon in accordance with this Article in a manner reasonably satisfactory to the Board, in its sole discretion, the Board shall give written notice to such Owner and, if the necessary maintenance is not completed within twenty (20) days, the Association shall have the right, through its agents, contractors, and employees to enter upon the Lot of the defaulting Owner and to repair, maintain and restore the Lot and the exterior of the building and other improvements erected thereon in a reasonable and good and workmanlike manner. The cost of such repair, maintenance or restoration shall immediately be deemed a special assessment levied by the Association against such Owner and such Owner's Lot, shall become the personal obligation of such Owner and shall become a lien against such Lot enforceable in accordance with Article 8. In the event of an emergency (as so deemed by the Board in its reasonable discretion), the Association shall have the right, with or without prior notice to the Owner, to enter any Lot and Unit to make emergency repairs necessary for the proper maintenance and operation of the Property.

9.3 Roads and Streets. The roadways shown on any recorded plats of the Property are currently private roads and not public roads. As provided in Section 5.6 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 10 Insurance and Reconstruction

10.1 Required Coverage – Owners. Each Owner shall keep his Unit insured against loss and damage by fire, tornado, wind storm and flood or other hazards normally insured against at one hundred percent (100%) of replacement cost, and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the property. Any insurance shall be payable in case of loss to the Board or its designee as trustee for all Owners. The trustee so named shall have the authority on behalf of the Association

and Owners to deal with the insurer in the settlement of claims. Each Owner agrees to provide the Board with satisfactory proof of said insurance upon request of the Board. If the Owner fails or refuses to keep said premises so insured, the Board may obtain such insurance and levy against the non-paying Owner an Individual Assessment as set forth in Section 8.6, which shall be an amount due of the cost of such insurance, and shall be a lien upon the Unit until paid in full.

 10.2 Required Coverage - Association. The 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 coverage as are reasonably available:

(a) 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 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 Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(b) Commercial general liability insurance on the Common Areas, insuring the Association and its Members for damage or injury caused by the negligence of the 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 One Million Dollars (\$1,000,000.00) per occurrence with respect to bodily injury, personal injury, and property damage; provided, if additional coverage and higher limits are available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits; and

(c) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable, including without limitation, directors and officers liability insurance, fidelity insurance, performance bonds, payment on labor and material bonds, and maintenance bonds.

10.3 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as an expense of the Association. In the event any Owner fails or refuses to pay assessments needed to pay insurance premiums or deductibles when due, the Association may pay said premium or deductible and levy against the non-paying Owner an Individual Assessment as set forth in Section 8.6, which shall be an amount due of those amounts, and shall be a lien upon the Unit until paid in full. The amount of the said assessment may include not only the actual cost of the premiums, and any late payment fees, the cost of the deductibles, but also an administrative charge payable to the Association, interest, and any and all attorney’s fees incurred in connection with the collection of such assessments, penalties and fees.

10.4 Policy Requirements. All insurance coverage obtained by the Board shall comply with the following requirements, unless the Board, in the exercise of its fiduciary responsibility, determines that a particular requirement should be waived:

(a) The 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 area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner insured.

(b) 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 described in this Article. In the event of an insured loss, the deductible shall be treated as a Common 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 an Individual Assessment.

(c) Policies shall be written with a company that carries a Best's rating of "A+" with at least a ten (10) financial rating;

(d) Policies shall be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members;

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

(f) Policies shall include an agreed amount endorsement, if the policy contains a co-insurance clause;

(g) Policies shall 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 Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

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

(i) Policies shall 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 Association to cure the defect or violation and allowance of a reasonable time to cure; and

(j) Policies shall 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.

(k) The Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insurance and provide: (i) a waiver of subrogation as to any claims against the 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 thirty (30) days' prior written notice to the 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.

10.5 Restoring damaged improvements. In the event of damage to or destruction of Common Area or other property which the 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.

(a) Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members representing at least seventy-five percent (75%) of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within sixty (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 Association within such sixty (60) day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed sixty (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.

(b) 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 Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

(c) 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 Association for the benefit of the Owners 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.

(d) If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments under Section 8.5 to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage.

**ARTICLE 11**  
**Party Walls**

11.1 General Rules of Law to Apply. Each wall that is built as a part of the original construction of the Units upon the Properties and placed on the dividing line between the Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply thereto. If any portion of the original structures constructed on each Lot, including any party wall, any extension of a party wall, or any common fence, protrudes over an adjoining Lot, or into the Common Area, such structure, wall or fence shall be deemed to be a permitted encroachment upon the adjoining Lot or Common Area, and the Owners and the Association

shall neither maintain any action for the removal of the encroaching structure, wall or fence, nor any action for damages. If there is a protrusion as described in the immediately preceding sentence, it shall be deemed that the affected Owners or the Association have granted perpetual easements to the adjoining Owner or Owners for continuing maintenance and use of the encroaching structure, wall, or fence. The foregoing provision also shall apply to any replacements in conformance with the original structure, wall or fence constructed by Declarant. The provisions of this Section 1 shall be perpetual in duration and shall not be affected by an amendment of this Declaration.

11.2 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

11.3 Destruction by Fire or other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission.

11.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

11.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

11.6 Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of any other Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall. Such repair, maintenance, or reconstruction shall be done expeditiously, and upon completion of the work, the Owner shall restore the adjoining Lot or Lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

## **ARTICLE 12**

### **Use Restrictions**

12.1 Use and Occupancy Restrictions. Subject to the Declarant's Rights set forth in the Declaration, including but not limited to Article 4, the following Use Restrictions apply to all Units and to the Common Area:

a. Except as specifically set out in this Declaration, each Unit is restricted to residential use as a single-family residence.

b. The use of Units and Common Area is subject to any additional use restrictions set forth in the Bylaws and the Rules and Regulations. These use restrictions will have the same force and effect as the restrictions contained herein.

c. Notwithstanding anything to the contrary herein, so long as Declarant or an affiliate of Declarant owns any Unit(s) in The Townhomes At Eastwood Bluff, said Declarant or an affiliate of Declarant may designate and utilize any Units owned by the Declarant for overnight



guests and/or marketing purposes for The Townhomes at Eastwood Bluff or Sea Trail, including the right to place "For Sale" or "For Rent" or "Future Home Of . . ." signs on such Units.

12.2 No Timeshares Allowed. No timeshare units as defined by Chapter 93A of the North Carolina General Statutes or any successor statute shall be permitted within the Properties and no Unit may be conveyed pursuant to any such timesharing plan or scheme.

12.3 Leasing. No Unit or any portion of a Unit may be leased or rented unless in accordance with Rules and Regulations adopted by the Association. All leases of a Unit or any portion of a Unit shall be deemed to include a provision that the tenant will recognize and abide by the Village Documents and Master Documents, and that the Association and the Master Association have the power to enforce a violation of the provisions of the Village Documents and Master Documents against the tenant and the Owner for any violation by such tenant. The Owner will be given a reasonable opportunity to cure any violation prior to the commencement of an enforcement action. Neither the Association nor the Master Association is required to deal first with the tenant but may take all actions necessary under this provision directly with the Owner. The Owner shall be liable for any violation of the Village Documents or Master Documents committed by the Owner's tenant, without prejudice to the Owner's right to collect any sums paid by the Owner on behalf of the tenant. Except as otherwise provided herein with respect to the Declarant, no Unit may be rented for a period of less than thirty consecutive (30) days. Any lease of a Unit or a portion of the Unit must be in writing and all leases are subject to the requirements of the Village Documents and Master Documents.

12.4 Commercial Use Prohibited. Except as permitted in Section 12.1 or 12.3 above, no Unit will be used for transient hotel, commercial or business purposes, except that the Owner of a Unit may maintain a home office which is merely incidental to the principal business activities of the Owner.

12.5 Offensive and Illegal Activities. No immoral, improper, offensive, noxious or unlawful use shall be made of any Unit or of the Common Area, and all applicable laws, zoning ordinances and regulations of all governmental authorities shall be observed. No Owner shall permit or allow anything to be done or kept in his Unit, or on the Common Area, which will increase the rate of insurance on the Unit, or which will obstruct or interfere with the rights of other occupants of the other Units or annoy or embarrass them, nor shall any Owner undertake any use or practice which shall constitute a nuisance to any other Owner, or which interferes with the peaceful possession and proper use of any other Unit or the Common Area. No Owner and/or tenant shall play, operate, or permit to be played or operated, any musical instrument or electronic device in his Unit or on the Common Area in such a manner as to disturb or annoy other Owners.

12.6 Structural Alterations and Exterior Appearance. No Owner shall permit any structural modification or alteration to be made to any Unit, nor alter or cause any changes to be made to or alter the appearance of the exterior of any building (including painting, installing television, satellite dish, radio antenna, or signs), without first complying with the provisions of Article 3. No Owner shall fix any object to the Common Area (including fences, flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the Common Area or Limited Common Area without first complying with the provisions of Article 3.

12.7 Signs. The Board is authorized to regulate signs by adopting the Rules and Regulations relating thereto. Subject to the provisions of Section 12.1(c), no signs, including "For



Sale” or “For Rent” signs, may be displayed on or about the exterior or from within the interior of any Unit unless such display is in accordance with the Rules and Regulations.

12.8 Window Coverings. All window coverings (i.e., curtains, blinds, draperies, shades, etc.) shall appear white from the exterior.

12.9 Balconies and Patios. No bicycles, trash containers, lawn furniture or barbecue grills may be stored on the balconies or porches of Units. Suitable outdoor furniture and plants shall be permitted on the balconies and porch if approved in advance by the Board.

12.10 Stormwater Runoff Regulations. All Units are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations are amended from time to time. The State of North Carolina, the Town of Sunset Beach, the County of Brunswick, and Sea Trail Corporation, to the extent of their respective interests therein, are hereby made a beneficiary of this Declaration, to the extent necessary to enforce any stormwater runoff regulations as the same may be amended from time to time. The Property, including the Common Area, is subject to the provisions of the Master Declaration concerning storm water management.

12.11 Removal of Nonconforming Condition. Any use, condition, structure or improvement placed, allowed to exist or made of or upon any Unit in violation of this Declaration, including but not limited to this Article 12, shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, the Owner responsible for said nonconforming condition shall, at its own cost and expense, correct such nonconforming use, structure or improvement in accordance with the instructions of the Board or the Declarant. Should an Owner fail to act as required, the Board, the Declarant, or its designees shall have the right to enter the property and correct the nonconforming condition. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Owner of the Unit and collected as an Individual Assessment as provided in Article 8.

**ARTICLE 13**  
**Annexation and Withdrawal of Property**

13.1 Annexation by Declarant.

a. Until January 1, 2026, Declarant may subject any portion or all of the Expansion Area to the provisions of this Declaration as provided in this Section 13.1. Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the Property. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any of the Expansion Area in any manner whatsoever.

b. An annexation by Declarant under Section 13.1(a) shall be accomplished by filing a Supplemental Declaration in the land records of Brunswick County, North Carolina, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of any Members other than Declarant, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

13.2 Annexation by Membership. Except as provided in Section 13.1, annexation of additional property shall require the assent of two-thirds ( $\frac{2}{3}$ ) of the Class "A" Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. During the Class "B" Control Period, annexation of additional property under this Section 13.2 shall also require the consent of Declarant.

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

13.4 Additional Covenants and Easements. The Declarant may unilaterally subject the property submitted to this Declaration initially or by Supplemental Declaration to additional covenants and easements, provided that such amendment or modification does not alter the general or common scheme of development for the Properties described herein and further provided that this right to amend shall not render these covenants and restrictions purely personal to the Declarant and the benefits and burdens contained in this Declaration shall remain mutual and reciprocal to all Owners.

13.5 Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any of the property described on Exhibit A.

#### **ARTICLE 14**

##### **Compliance with the Village Documents**

In the case of failure of an Owner or occupant to comply with the terms and provisions contained in the Village Documents, the following relief shall be available:

14.1 Enforcement. The Association, the Declarant and any aggrieved Owner within the Properties, shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of the Village Documents and any and all laws hereinafter imposed pursuant to the terms of the Declaration. The prevailing party shall be entitled to collect all costs thereof, including reasonable attorney's fees (which shall be determined using reasonable hourly rates).

14.2 Remedies. The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner as an Individual Assessment as provided in Article 8 herein.

14.3 Suspension of Rights and Fines.

a. Suspension of Rights. For any violation by an Owner of the conditions, covenants and restrictions of this Declaration or any provisions of the other Village Documents (including, but not limited to, the nonpayment of any assessment), the Association shall, after providing the Owner with any notice and any opportunity to be heard as may be provided in the Bylaws, have the right to suspend: (a) the offending Owner's voting rights, (b) the use by such

Owner, his agents, lessees, employees, licensees and invitees of the Common Areas and recreational facilities within the Properties , and (c) any other privileges or services provided by the Association (subsections “a”, “b”, and “c”, collectively herein called “Village Privileges”) for any period during which a violation continues.

b. Fines. For any violation by an Owner of the conditions, covenants and restrictions of this Declaration or any provisions of the other Village Documents (including, but not limited to, the nonpayment of any general, special or individual assessment), the Association shall, after providing the Owner with any notice and any opportunity to be heard as may be provided in the Bylaws, have the right to impose reasonable fines for any period during which a violation continues. Notwithstanding the foregoing, the Association shall not be required to provide any Owner with notice and an opportunity to be heard in order to impose reasonable fines for the late payment or nonpayment of any assessment which has remained unpaid for a period of thirty (30) days or longer. The Association may establish a schedule of fines for the violation of this Declaration or any provisions of the other Village Documents. If an Owner does not pay the imposed fine within fifteen (15) days of its imposition, the fine shall be an Individual Assessment against the property and may be enforced by the Association in accordance with Article 7 herein and with applicable law.

14.4 Remedies Cumulative. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided in the Village Documents and/or by law.

14.5 Waiver. The failure of the Association or any person or Owner to enforce any restriction contained in the Village Documents shall not be deemed a waiver of the right to do so thereafter.

## **ARTICLE 15**

### **Duration, Amendment & Termination**

15.1 Units, Persons and Entities Subject to the Declaration. All present and future Owners, tenants, and occupants of Units and their guests or invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Declaration.

15.2 Duration and Termination. The covenants, conditions, restrictions, and affirmative obligations of the Declaration shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Owner of any Unit, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date the Declaration is recorded in the Brunswick County Registry, after which date the Declaration shall be extended automatically for successive periods of twenty (20) years, unless eighty percent (80%) of the then Owners agree to revoke the Declaration, in which case, for such revocation to be effective, an instrument must be recorded declaring the same at the Brunswick County Registry (and provided that, during the Class B Control Period, any termination or revocation shall also require the written consent of the Declarant on the recorded instrument). The covenants, restrictions, conditions, and affirmative obligations of the Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any of the Properties as though such provision were made a part of each and every deed of conveyance or lease.

15.3 Amendment. As long as Declarant owns any of the property described on Exhibit A, this Declaration may be amended by Declarant in its discretion. Retention of this right by the Declarant is not intended to materially alter the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development. Thereafter, the Declaration may be amended by vote of not less than sixty-seven percent (67%) of the Class "A" Members, and an instrument must be recorded at the Brunswick County Registry for such an amendment to be effective. A certificate of the Secretary of the Association documenting votes held and voting rights exercised will be evidence of ownership and voting representation for the purposes of any such amendment. In addition, the Declarant may amend this Declaration to annex additional property and make it subject to the terms, conditions, restrictions, obligations and covenants of this Declaration as provided in Articles 4 and 13 herein. No amendments may remove, revoke, or modify any benefit, right or privilege of the Declarant hereunder without the written consent of the Declarant or the assignee of such right or privilege.

## **ARTICLE 16**

### **Dispute Resolution**

If a dispute, controversy or claim (whether based upon contract, tort, statute, common law or otherwise) (collectively a "Dispute") arises from or relates directly or indirectly to the subject matter hereof or any matter associated with Village Documents and if the Dispute cannot be settled through direct discussions, the parties shall be required to first endeavor to resolve the Dispute by participating in a non-binding arbitration administered according to the rules currently in effect for the Brunswick County Superior Courts. This arbitration proceeding shall be conducted in Brunswick County or a place mutually agreed upon by all parties, before a neutral arbitrator. Upon the request of either party, the arbitrator's award shall include findings of fact and conclusions of law provided that such findings may be in summary form. If the parties cannot agree on the selection of the arbitrator they shall request the Clerk of Brunswick County to appoint the arbitrator. Either party may seek review of the arbitrator's award before an arbitration review panel comprised of three (3) arbitrators with each party selecting an arbitrator and the two so appointed selecting a third arbitrator. The right of review shall be deemed waived unless requested in writing within ten (10) days of the delivery of the initial arbitrator's award. The arbitration review panel shall be entitled to review all findings of fact and conclusions of law in whatever manner it deems appropriate and may modify the award of the initial arbitrator in its discretion. The review panel's decision shall be by majority vote. Following the arbitrator's decision and the review, either party may file an action with the appropriate court of competent jurisdiction in Brunswick County. All costs and expenses of any arbitration proceedings shall be shared equally by all parties to the arbitration. Each party shall be responsible for their own attorneys' and experts' fees, if any, associated with the arbitration proceeding.

## **ARTICLE 17**

### **General Provisions**

17.1 Captions and Construction. The captions contained in the Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Declaration or the intent of any provision thereof. In interpreting words in the Declaration, the singular will include the plural, the plural will include the singular, and the use of any gender will include all genders. Where there is more than one Owner of a Unit, said Owners are jointly and severally liable for the obligations herein imposed.



17.2 Common Area and Amenities. Unless otherwise provided in the Master Documents or Village Documents, all of the Common Area and any other park, recreation area, recreation facility, dedicated access and other amenities appurtenant to the Subdivision, whether or not shown and delineated on any recorded plat of the Properties, shall be considered private and for the sole and exclusive use of the Owners of Units within the Properties. Neither Declarant's execution nor the recording of any plat nor any other act of Declarant with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities, or amenities.

17.3 Variations. The Board or Declarant, in its discretion, may allow reasonable variations and adjustments of the Declaration in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variations shall not violate the spirit or the intent of this document to create a planned community of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

17.4 Waiver. No provision contained in the Village Documents shall be deemed to be abrogated, abandoned, or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

17.5 Invalidity. The invalidity of any provision of the Village Documents does not impair or affect in any manner the validity, enforceability or effect of the other provision, and in such event, all of the other provisions of the Village Documents shall continue in full force and effect.

17.6 Conflict. The Village Documents are intended to comply with the requirements of the Planned Community Act, except in the event that the Planned Community Act allows the Declaration to vary or to specify alternative provisions and in the event that this Declaration has varied or specified alternate provisions, in which case this Declaration shall control. Subject to the foregoing and to the extent any provision(s) of the Village Documents are inconsistent with and cannot be reconciled with the terms of the Planned Community Act, the terms of the Planned Community Act shall be controlling with regard to such term. In the event of any conflict between this Declaration and any other Village Document, this Declaration shall control.

17.7 Limitation of Liability. Neither the Association nor any officer or member of the Executive Board will be liable to any party for any act or for any failure to act with respect to any matter arising by, through, or under the Village Documents, so long as the action or failure to act was made in good faith. The Association will indemnify all of the officers and the Board with respect to any act taken in their official capacity to the extent provided in this Declaration and by law and in the Articles of Incorporation and Bylaws.

17.8 Assignment. Subject to the requirements and limitations of the Planned Community Act, Declarant may assign all or any part of the Declarant's rights or any of Declarant's other rights and reservations hereunder to any successor who takes title to all or part of the Property in a bulk purchase for the purpose of development and sale. Such successor will be identified, the particular rights being assigned will be specified, and, to the extent required, concomitant obligations will be expressly assumed by such successor.

17.9 Governing Law. The laws of the State of North Carolina shall apply in interpreting the Village Documents.



17.10 Exhibits. Any exhibit, schedule, or certification accompanying this Declaration or any other Village Document is hereby made a part of that document and incorporated therein by reference.

IN WITNESS WHEREOF, Eastwood Bluff, LLC, the Declarant, has caused this instrument to be executed, as of the day and year first above written.

**EASTWOOD BLUFF, LLC,**  
a North Carolina limited liability company

BY: *Elliott Wade Coleman*  
NAME: Elliott Wade Coleman  
TITLE: Member/Manager

BY: *Dennis A. Crocker*  
NAME: Dennis A. Crocker  
TITLE: Member/Manager

STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, *Ava M. Cain*, a Notary Public for said County and State, do hereby certify that Elliott Wade Coleman and Dennis A. Crocker, each a Member/Manager of EASTWOOD BLUFF, 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 25 day of July, 2007.



*Ava M. Cain*  
Notary Public

My Commission Expires: 11/7/2011



IN WITNESS WHEREOF, Sea Trail Corporation joins in the execution hereof in order to evidence its consent that the Property be subject to and bound by the covenants and conditions contained herein.

SEA TRAIL CORPORATION, a North Carolina corporation

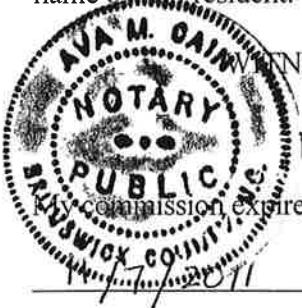
BY: [Signature]  
NAME: Dana A. Connelly  
TITLE: President

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Ava M Cain, a Notary Public in and for the State and County aforesaid, certify that Dana A. Connelly, personally appeared before me this day and acknowledged that she is President of SEA TRAIL CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

IN WITNESS my hand and official seal this 25 day of July, 2007.



Ava M Cain  
Notary Public

CONSENT OF MORTGAGEE

WACCAMAW BANK, a North Carolina banking corporation, is the holder of that certain Deed of Trust Securing Future Advances on the property described in Exhibit A, said Deed of Trust having been filed in Book 2319, at Page 1101 and re-recorded in Book 2324, Page 33 in the Office of the Register of Deeds of Brunswick County, and as holder of said Deed of Trust does hereby consent to the terms, conditions and covenants in the Declaration and agrees that the lien of said Deed of Trust is subject to the terms, conditions and covenants contained in said Declaration.

In witness whereof, WACCAMAW BANK, has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 27 day of July, 2007, and James G. Graham, as Trustee, has hereunto set his hand and seal, this the 27 day of July, 2007.

WACCAMAW BANK

By: James G. Graham  
President

James G. Graham  
JAMES G. GRAHAM, Trustee



STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Ava M. Cain, a Notary Public of the State and County aforesaid, certify that James A. Graham personally came before me this day and acknowledged that he is President of WACCAMAW BANK, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

WITNESS my hand and official seal this 27 day of July, 2007.



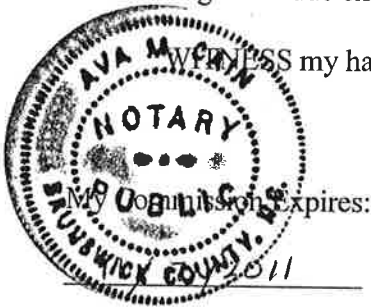
Ava M. Cain  
Notary Public

STATE OF NORTH CAROLINA

COUNTY OF Brunswick

I, Ava M. Cain, a Notary Public in and for the State and County aforesaid, do hereby certify that JAMES G. GRAHAM, Trustee, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this the 27 day of July, 2007.



Ava M. Cain  
Notary Public



CONSENT OF MORTGAGEE

SEA TRAIL CORPORATION, a North Carolina corporation, is the holder of that certain Purchase Money Deed of Trust and UCC Financing Statement on the property described in Exhibit A, said Deed of Trust having been filed in Book 2319, at Page 131 and said UCC Financing Statement having been filed in Book 2319, Page 137 in the Office of the Register of Deeds of Brunswick County, and as holder of said Deed of Trust and UCC Financing Statement does hereby consent to the terms, conditions and covenants in the Declaration and agrees that the lien of said Deed of Trust and UCC Financing Statement is subject to the terms, conditions and covenants contained in said Declaration.

In witness whereof, SEA TRAIL CORPORATION has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 27 day of July, 2007, and Frank B. Gibson, Jr. as Trustee, has hereunto set her hand and seal, this the 27 day of July, 2007.

SEA TRAIL CORPORATION

BY: *Nana A. Crilly*  
TITLE: President

*Frank B. Gibson, Jr.*  
FRANK G. GIBSON, JR., Trustee

STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, Ava M. Cain, a Notary Public in and for the State and County aforesaid, certify that Dana A. Connelly, personally appeared before me this day and acknowledged that she is President of SEA TRAIL CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its \_\_\_\_\_ President.



WITNESS my hand and official seal this 25 day of July, 2007.

Ava M. Cain  
Notary Public

STATE OF NORTH CAROLINA

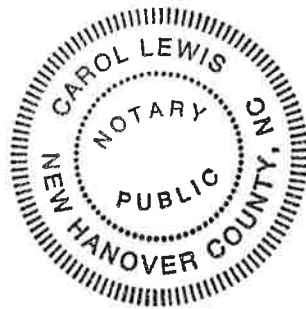
COUNTY OF NEW HANOVER

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

WITNESS my hand and official seal this the 27 day of July, 2007.

Carol Lewis  
Notary Public

My Commission Expires:  
7-24-09





**EXHIBIT A**  
**TO THE DECLARATION OF COVENANTS FOR**  
**THE TOWNHOMES ON EASTWOOD BLUFF AT SEA TRAIL**

BEING all of that certain tract or parcel of land lying and being in Shallotte Township, Brunswick County, North Carolina, and being more particularly described as follows:

All of that tract or parcel containing 12.27 acres, as shown on that certain plat entitled "Survey for Seatrail Corporation", prepared by Steve M. Norris, P.L.S, dated January 12, 2006, and recorded in Map Cabinet 34 at Page 214, in the Brunswick County Registry, reference to which plat is hereby made for a more particular description.