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NORTH CAROLINA

ONSLOW COUNTY

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

DOLPHIN SHORES AT NORTH TOPSAIL BEACH

THIS DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS, made the ___ day of July, 1999, by BLUEGREEN CAROLINA LAND, INC., a corporation organized and existing under and by virtue of the laws of the State of Delaware, hereinafter called "Declarant," and DOLPHIN SHORES AT NORTH TOPSAIL BEACH COMMUNITY SERVICES ASSOCIATION, INC., a community services association with an architectural control committee having powers as described herein;

WITNESSETH:

THAT WHEREAS, the Declarant is the owner of the real property described in Paragraph I of this Declaration and is desirous of subjecting said real property to the protective covenants hereinafter set forth, each and all of which is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof

NOW, THEREFORE, Declarant hereby declares that the real property in and referred to in Paragraph I hereof is and shall be held, transferred, sold and conveyed subject to the protective covenants set forth below:

1. DESCRIPTION OF REAL PROPERTY:

The real property which is, and shall be held, transferred, sold and conveyed subject to the protective covenants set forth in the articles of this Declaration is located in the County of Onslow, State of North Carolina, and is more particularly described as follows:

Being all of those lots as shown on that plat entitled "Dolphin Shores at North Topsail Beach" and recorded in Map Book 38, Page 54, Onslow County Registry.

2. DEFINITIONS:

Section 1. "Association" shall mean and refer to Dolphin Shores at North Topsail Beach Community Services Association, Inc., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more person or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinafter described, and such additions thereto as hereafter be brought within the jurisdiction of the Association, and specifically includes all of that subdivision known generally as DOLPHIN SHORES AT NORTH TOPSAIL BEACH.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, the public, or both, and specifically shall mean any storm water control or disposal improvements, piers, walkways, streets, if any, which may be constructed.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any record subdivision map of the Properties with the exception of the Common Area, and includes any improvements thereon, if any.

Section 6. "Declarant" shall mean and refer to BLUEGREEN CAROLINA LAND, INC., its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

3. GENERAL RESTRICTIONS:

Section 1. Residential Use: All lots shall be used exclusively for residential purposes of a single family (which may include separate living quarters for one or more members of the owners' family or relative). No business, trade, garage sale, moving sale, rummage sale, or similar activity shall be conducted upon a lot without the prior written consent of the Board. An Owner or occupant residing in a dwelling on a lot may conduct business activities within the dwelling so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling; (ii) the business activity conforms to all zoning requirements for the lot; (iii) the business activity does not involve regular visitation of the dwelling or lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the subdivision, and (iv) the business activity is consistent with the residential character of the subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the subdivision, as may be determined in the sole discretion of the Board.

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

The leasing of a dwelling or lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or its Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any lots which it owns within the subdivision, including the operations of a timeshare or similar program.

Section 2. Allowable/Prohibited Structure: No structure shall be erected, altered, placed or permitted to remain on any Lot other than a single, one family dwelling not to exceed three stories in height and not to exceed 45 feet measured from average ground elevation, (which may include separate living quarters for one or more members of the owners' family or relative), a private garage which may contain living quarters for occupancy by domestic servants of the lot occupant only, provided that the same are constructed in line with general architectural design and construction standards used as the dwelling itself. Each dwelling shall contain a minimum of 1600 heated square feet. This covenant shall not be construed as prohibiting the use of a new dwelling as a model home for sales/rental purposes.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporary or permanently. No trailer, mobile home, camper or like vehicle shall be allowed on the property at any time, or any other structure which is finished or partially finished at a manufacturing unit or plant and transported for quick assembly and which is designed to be disassembled and relocated shall be allowed. It is specifically the intention and purpose of this covenant to prohibit the location of any manufactured home as defined in NCGS §143-145 and any structure for which a "Label of Compliance" as defined in NCGS§ 143 -145 is issued, including but not limited to those structures which are generally referred to as mobile homes, trailers, relocatable houses, or similar type structures on the property.

"Modular construction" of walls, floor systems, roof trusses and other portions of the structure shall be permitted providing that it is a full floor joist system not supported by chassis or steel frame. Fabrication shall not be limited to the building lot.

This covenant shall not be construed as prohibiting the use of such a structure as a sales/rental model or office or construction site facility.

Section 3. Stormwater Runoff: The allowable per square foot built-upon area per lot is as listed hereafter, inclusive of that portion of the right of way between the front lot line and the edge of the pavement, structures, pavement, walkways of brick, stone, slate, but not including wood decking, or the water surface of swimming pools.. These covenants pertaining to stormwater regulations may not be changed or deleted without concurrence of the Division of Water Quality. Filling or piping of any vegetative conveyances (ditches, swales or similar improvements) associated with the development except for average driveway crossings, is strictly prohibited. Lots with

CAMA's Area of Environmental Concern may have the permitted built upon area reduced due to CAMA jurisdiction with the Area of Environmental Concern. In addition, each lot shall maintain a 30 foot wide vegetated buffer between all impervious areas and surface waters.

Lot 1, 2 & 10-40, inclusive- 2,821 -Lot 3 - 8,489.3; Lot 4 - 11,648. 1; Lot 5 - 7,224.4; Lot 6 - 7,782.4; Lot 7 - 11,008.8; Lot 8 - 8,372.7; Lot 9 - 8,416.0.

Section 4. Compliance with Wetlands Regulations: Each of the proposed individual site building envelopes are located outside of any jurisdictional wetland area. Any future development within the subdivision which would result in a fill of a jurisdictional wetland will require modification of the existing 401 certification and of the subdivision Majority Development Permit Number 55-99. Therefore, subsequent fill or alteration of any wetland shall conform to the requirements of state wetland rules adopted by the State of North Carolina in force at the time of the proposed alteration. The intent of this deed restriction is to prevent additional wetland fill, so the property owner should not assume that a future application for fill will be approved. This covenant is intended to insure the continued compliance with wetland rules adopted by the State of North Carolina therefore benefits may be enforced by the state of North Carolina. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

Section 5. Animals: No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that household pets may be kept provided they are not kept for breeding or commercial purposes. Any such household pet shall not be allowed off the Lot of the Owner of said pet unless said pet is attended and on a leash. Owners shall be solely and absolutely liable for the acts of any pet kept on their Lot.

Section 6. Garbage and Refuse Disposal: No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be burned or disposed of on any Lot and shall be kept in sanitary containers approved by the Architectural Committee. All equipment for the storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the Architectural Committee and, in any event, shall be kept in an enclosed area not subject to view from any person, from any direction. The Declarant and Association reserves the right for itself, its successors and assigns, to contract for garbage collection services for each lot in the subdivision and the lot owner shall be responsible for the payment of such garbage services to the company providing the same, or the Association may make such a common expense or expense to a particular owner.

Every owner shall well maintain his lot. No accumulation of rubbish or debris shall be permitted. Each owner of an unbuilt lot shall clear his lot of underbrush at least one time each year. If owners do not so clear their lot, the association shall have the authority to clear any such lot of underbrush and separately assess the cost to the owner of the lot cleared. The Association shall have the right to assess any owner for such work and such charge shall be an assessment against the owner and the lot and shall be subject to collection as any other regular assessment.

Section 7. Exterior Lights: All light bulbs or other lights installed in any fixture located on the exterior of any dwelling, building or other structure located on any Lot shall be clear or white lights or bulbs. No mercury vapor or similar wide area lighting similar to street lights shall be allowed without prior Architectural Committee approval. In order to protect hatchling loggerhead

turtles, all lights on any building face, including balcony lights on the ocean side of all structures shall be limited. Where ocean lighting is required, additional requirements including shading screening, or replacing fixtures with modern alternative light sources shall be provided. Parking lots, streets, tennis courts, walkways, dune crossovers, pools and other areas requiring lights should be illuminated with light fixtures located close to the ground to minimize casting direct light on the beach and dunes.

Section 8. Sight Distance at Intersections: No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property line and a line connecting them at points 15 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9. Mailboxes: The Architectural Committee reserves the right to approve the style, design, color and location prior to any original installation or replacement of any mailbox. Application shall be made to the Architectural Committee prior to installation or replacement. By accepting a deed to any subject property, owner gives the Architectural Committee the right to remove any nonapproved mailbox in a reasonable manner- all costs for same shall be paid by owner, and all damages against the Architectural Committee are waived.

Section 10. Signs: No sign, billboard, or other advertising of any kind, including without limitation professionally prepared "for sale" and "for rent" signs, shall be placed or erected on any Lot, right of way or Common Area until after January 1, 2002. Thereafter, a professionally prepared "for sale" or "for rent" sign not to exceed four (4) square feet in size. Although approval by the Architectural Committee is not required prior to the display of such signs, the Architectural Committee may itself remove, have removed, or require the removal of any such sign which in its opinion would not otherwise be allowed under this Declaration. A valid easement shall exist on any Lot for such removal by the Architectural Committee or its agents. Provided, however, nothing shall prohibit or limit in any manner "construction" signs designating the job site and builder which may be placed upon a Lot during the period of the construction of a residential dwelling on the Lot but must be immediately removed upon final completion of such construction. Notwithstanding the above, any additions to the Project Property in the Development area may be further limited in regard to signs, billboards or advertising as set out in any Supplemental Declaration. Nothing herein shall prohibit any sign erected by the Declarant or its assigns.

Section 11. Antennae: There shall be no exterior antennae of any kind for receiving and/or sending of T.V., radio or other signals unless same have first been approved by the Architectural Committee.

Section 12. Driveways/Parking: All driveways constructed on any Lot may consist of concrete, stamped concrete, colored concrete in earthtone colors, pea gravel concrete, oyster shell concrete, or brick pavers. Asphalt drives are not permitted. Guest parking spaces are allowed. On

street parking is prohibited except for temporary gatherings of less than one day's duration. Driveway connection shall be as required by the Department of Transportation and/or other regulatory authority.

Section 13. Subdivision: No lot shall be subdivided if the result of each subdivision is separate ownership of less than a whole lot; provided, however, that the Declarant, its successors or assigns, reserves the right to make minor boundary line adjustments between lots so long as said adjustment does not exceed ten percent (10%) of the total area of a given lot; and further provided that one lot may be combined with another lot or lots or a portion thereof to create a larger lot, in which case these Restrictive Covenants shall be construed to apply to the larger lot so created.

Section 14. Vehicles, Boats, Storage, Travel Trailers, etc.: No vehicle without current inspection sticker, vehicle over 7250 lbs. empty weight, camper trailer, motor homes or bus shall be parked overnight on any lot except in an enclosed garage; provided, however, guests of an owner may so park such vehicle for a period not to exceed seven (7) days each calendar year. A pleasure boat on its trailer may be parked and raw firewood, bicycles, motorcycles, or other items may be stored only on that part of any lot away from the street lying beyond the front line of the house, except as placement may be designated by the Architectural Control Committee with consideration to lot dimensions and size. No automobile, other vehicle(s), motorcycle(s) or other similar items shall be repaired or placed "on blocks" or stands except in an enclosed garage.

Section 15. Utilities: All dwelling connections for all utilities shall be underground. The cost of any initial connection, if paid by the Declarant prior to sale to a third party, shall be payable by the purchaser at closing.

Section 16. Trees/ Vegetation: In order to limit impact to maritime forest vegetation, which serves as a natural barrier to erosion, construction and improvements shall be limited to that which is absolutely necessary for single family home access and construction. In order to maintain the character of the subdivisions:

(a) Except as to development or construction by Declarant, or as may be approved by the Architectural Committee, no indigenous shrubs or trees shall be cut, removed or intentionally damaged on any Lot unless first approved by Architectural Committee.

(b) Fallen trees, dead trees and live trees less than three inches (3 ") in diameter may be removed from the lot at any time.

Section 17. Swimming pools: Outdoor swimming pools, hot tubs, jacuzzis, and other similar facilities may be located on a lot only after the Architectural Committee approval, and shall be screened and fenced. All such improvements shall be subject to approval and compliance with all governmental laws and regulations.

Section 18. Clotheslines: Clotheslines shall be not more than six (6) feet in height from the ground and shall not be viewable from the street, or shall be surrounded by a privacy fence approved by the Architectural Control Committee.

Section 19. Fence Minimum Requirements: Architectural review requirements must be in prior to construction of any fence. No fences over six (6) feet in height shall be constructed on a lot. No fence shall be erected between any building and the street right of way. Any portion of a fence which can be viewed from the street right of way shall be of an ornamental nature. The term fence shall include but not be limited to, a wall, fence, landscaping, berm, or hedge which act as a fence or privacy or security inducing structure.

Section 20. Street Lighting Agreement: The developer reserves the right to subject the real property in this subdivision to a contract with an electric utility company for the installation of underground electric cables and/or the installation of street lighting, either or both which may require an initial payment and/or a continuing monthly payment to an electric utility company by the owner of each dwelling.

3.1 SPECIAL RESTRICTIONS AS TO PIERS/DOCKS:

Section 1. Public or Common Area Facility. Any pier, dock, walkway or other similar facility constructed within the subdivision shall be constructed according to the Major Development Permit #55-99. No boat dockage shall be allowed at any such facility, even temporarily.

Section 2. Individual lot Owner Dock Construction. Due to the high quality of adjacent estuarine waters, as well as the potential for adverse impacts to those waters, General Permits for piers constructed by individual lot owners are expressly prohibited by the Department of Environment and Natural Resources and Coastal Resources Commission of the State of North Carolina. This General Permit prohibition does not preclude individual lot owners wishing to construct private docking facilities from applying for a Major Development Permit from the Division of Coastal Management.

In the event any Major Development permit is allowed, all dock construction must first receive approval from the Architectural Committee prior to any required submission to any governmental authority. Architectural Committee approval shall be conditioned upon compliance with the following requirements:

(1) Complete plans and specifications include site, materials, color and finish must be submitted to the Architectural Committee in writing;

(2) Written approval of the Architectural Committee to such plans and specifications must be secured, the Architectural Committee reserving the right in its uncontrolled discretion to disapprove such plans and specifications on any grounds, including purely aesthetic reasons;

(3) Written approval of any local, state or federal governmental departments or agencies which have jurisdiction over construction in or near marshlands or wetlands must be secured.

Any alterations of the plans and specifications or of the completed structure must also be submitted to the Architectural Committee in writing and the Architectural Committee's approval in writing must be similarly secured prior to construction, the Architectural Committee reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

Dock permits shall include such easements over common areas as may be required by the dock construction permit. The cost of locating such easement shall be borne by the requesting owner.

Section 3. Maintenance of Dock. All Owners who obtain permission and construct dock must maintain said structures in good repair and keep the same safe, clean and orderly in appearance at all times, and further agree to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings and to maintain such paint or preservatives in an attractive manner. The Architectural Committee shall be the judge as to whether the docks are safe, clean, orderly in appearance and properly painted or preserved in accordance with reasonable standards; and, where the Architectural Committee notifies the particular Owner in writing that said dock fails to meet acceptable standards, said Owner shall thereupon remedy such condition within thirty (30) days to the satisfaction of the Architectural Committee, and that failing to so remedy such condition, the Owners hereby covenant and agree that the Association, upon the recommendation of the Architectural Committee, may make the necessary repairs, but is not obligated to make such repairs or take such actions as will bring the said dock and/or boathouse up to acceptable standards, all such repairs and actions to be at the expense, solely, of the Owner in question.

Section 4. Encroachment. In the event any portion of the common dock and walkway which is presently built encroaches upon the adjacent lot, then and in that event an easement for that encroachment shall and does hereby exist, including an easement which shall affect any riparian and littoral rights.

4. MEMBERSHIP AND VOTING RIGHTS:

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership and one (1) class of non-voting members:

Class I: Class I members shall be all Owners of a Lot in DOLPHIN SHORES AT NORTH TOPSAIL BEACH with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class II: The Class II member(s) shall be the Declarant and shall be entitled to two (2) votes for each Lot owned. The Class II membership shall cease and be converted to Class I membership on the happening of either of the following events, whichever occurs earlier.

(1) The sale of the 40TH Lot by Declarant in the subdivision.

(2) On that date which is seven (7) years from the date of the recording of this document.

5. COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of the Lien and Personal Obligations of Assessment: The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed, therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(1) annual assessments or charges;

(2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided;

(3) to the appropriate governmental taxing authority, a pro rata share of ad valorem taxes levied against the Common Area if the Association shall default in the payment therefor for a period of six (6) months, all as hereinafter provided.

The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorneys' fees (as provided in North Carolina General Statutes §6- 21.2) incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner at the time when the assessment became due. The obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title.

Section 2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties and for the improvements and maintenance of the Common Area, and specifically any storm water control or disposal improvements.

Section 3. Minimum Annual Assessment: The initial minimum annual assessment shall be \$240 per year. So long as there exists Class II membership, the Declarant shall pay no dues or assessments but in lieu thereof the Declarant covenants and agrees to defray such deficit as may be required for maintenance up to the amount of the current operating budget. Thereafter, Declarant shall pay assessments in the amount of twenty-five percent (25%) of the normal assessment on lots owned by Declarant.

Section 4. Collection of Assessments: (a) The first pro rata payment of the balance of the current year assessment shall be due and payable beginning on the day of closing. The Board of Directors shall fix the amount of the assessment against each lot at least thirty days in advance of the annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors of the Association and

the Board of Directors shall have the authority to require the assessment to be paid in pro-rata monthly installments, quarterly and semi-annually as well as annually. 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 lot have been paid.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment may be increased each year not more than fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above fifteen percent (15%) by a vote of two-thirds (2/3) of members of each class who are voting in person or by proxy, at a meeting duly called for this purpose. Except, however, increases attributable solely to the annexation of new areas, including new Common Areas, shall not be subject to this limitation.

Section 5. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members of each class who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for any Action authorized under Sections 3 and 4: Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast fifty-one percent (51 %) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice requirement, and there shall be no required quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Remedies for Non-Payment of Assessments: Any assessment which are not paid when due shall be delinquent. The assessment shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fees as may be set by the Board. The Association shall file a lien of record against any lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Said lien shall be filed in the office of the clerk of superior court of Onslow County in a manner provided therefor by Article 8 of Chapter 44 of the North Carolina General Statutes. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area or abandonment of his dwelling unit or site.

The Association may bring an action at law against the Owner personally obligated to pay any assessments and interest. Costs and reasonable attorneys' fees for the prosecution of any such action shall be added to the amount of such assessment. In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of

the Association, then, and in that event, the Association shall collect on such judgment in such manner and to the extent provided and permitted by the laws of the State of North Carolina.

The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Chapter 45 of the North Carolina General Statutes. All fees, charges, late charges, fines, and interest are enforceable as assessments.

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The Registered Agent of the Association shall be the Trustee for all purposes of the foreclosure proceeding and the Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the said substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the land subject to the lien at public action for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages and deeds of trust, and upon such and resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Chapter 45. The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the Sale shall, after the Trustee retains his commission, together with any addition attorney's fees incurred by the Trustee, be applied to the costs of the sale, including but not limited to costs of collection, taxes assessment, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the property, and any advancements made by the Association in the protection of the security.

Section 8. Effect of Default in Payment of Ad Valorem Taxes of Assessments for Public Improvement by Association: Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty(30) days following receipt of notice of the amount due, then such sum shall become a continuing lien subject to the lien of the governmental authority levying said ad valorem taxes on the Lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the owner.

Section 9. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage. Sale or transfer of any Lot shall not affect the assessment line. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof

Section 10. Rights of Mortgagees: (a) Notice of action: A holder or insurer of a mortgage, upon written request to the Owners Association (such request to state the name and address of such

holder or insurer and the description of secured properties) will be entitled to timely written notice of.

1. Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.
2. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot upon which it holds a mortgage.
3. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners Association.
4. Any proposed amendment to the project instruments effecting a change in the boundary of any Lot, ownership of Common Elements, if any, the number of votes in the Owners' Association pertaining to any Lot or any proposed change in the restrictions on the properties.

6. ARCHITECTURAL CONTROL COMMITTEE:

Section 1. SUBMISSION OF PLANS AND SPECIFICATIONS: Except for original and initial construction and subsequent modification of improvements by the Declarant on any Lot which such construction is and shall be exempt from the provisions of this provision, no building, wall, fence, landscaping, berm or hedge which act as a fence or privacy inducing structure, pier, dock, ornamentation, or other structure or improvements of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved in writing by the Architectural Control Committee.

Each building, wall, fence or other structure or improvements of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved.

Any change in the appearance of any building, wall, fence or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval.

Section 2. PROCEDURE: (a) The Architectural Control Committee shall make all efforts to cooperate with the owner or agent in effecting a prompt and reasonable response to any submission. Within fifteen (15) days after receipt of all required information, the Architectural Control Committee shall submit in writing to the owner of the lot a response stating whether or not the requested improvements are approved. Unless a response is given by the Architectural Control Committee within fifteen (15) days, the plan shall be deemed approved. The Architectural Control Committee shall have the power to promulgate reasonable rules and regulations designed to carry out the provisions and intent of this paragraph. Any such rules and regulations shall be approved by the Board of Directors prior to implementation.

(b) Action of the Architectural Control Committee may be based upon any reasonable ground, including aesthetic grounds. Requirements of any governmental authority shall not be considered by the Committee. The response of the Architectural Control Committee must be:

1. An approval; or
2. An approval with conditions; or
3. An approval with conditions together with a request for additional information; or
4. A denial.

A denial is an extreme response and not to be made unless an approval with conditions can not be made. A denial prohibits or delays construction of the proposed improvements.

A request for additional information shall be made only with a conditional approval and will not delay construction unless the information requested involves a matter which will need to be approved prior to construction. A request for additional information shall not be used by the Committee to enlarge the required response time. If an approval with conditions is granted and thereafter construction begins, the construction shall be deemed approved by the owner of the lot of the conditions imposed.

(c) The Architectural Control Committee may not deny the submission unless it least one of the following findings:

(1) That the improvements sought to be constructed will have a negative economic impact on any other lot within the subdivision.

(2) That a required specific buildings standard or other condition contained within the Restrictive Covenant documents have not been met.

(3) That the improvements are architecturally incompatible with proposed or constructed improvements on other lots within the subdivision.

(4) That the natural features of the lot will be disturbed to an extent more than reasonably necessary to construct the proposed improvements.

In addition to the above required finding, in order to deny a submission, the Architectural Control Committee must provide a specific and detailed response of why an approval with conditions was not a reasonable alternative to the denial.

Section 3. EXCEPTIONS: The paint, coating, stain and other exterior finishing colors and roof shingles/exterior on all buildings may be maintained as that originally installed, without prior approval of the Architectural Control Committee, but prior approval by the Architectural Control Committee shall be necessary before any such exterior color is changed.

Section 4. COMMITTEE MEMBERS: Until such time as the sale of the last numbered lot in the subject property is evidenced by the recordation of a deed therefore, all rights, privilege, powers and authority granted herein to the initial Architectural Control Committee, to whom the specific power to act hereunder is expressly conveyed, shall be

exercised by the Declarant, its successors or assigns. The Declarant may assign its powers hereunder to an Architectural Control Committee, but so long as Class II membership shall exist, the Declarant shall appoint a majority of the Architectural Board. Thereafter, all representatives shall be appointed by the Board of Directors of the Association. Except as set out above, the Architectural Control Committee shall be composed of three (3) owners appointed by the Board and shall serve at the pleasure of the Board.

Section 5. COMMITTEE PROCEDURE: A majority of the Architectural Control Committee may take any action said Committee is empowered to take, may designate a representative to act for the Architectural Control Committee, and, with approval of the Association Board, may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Control Committee, the Association shall designate a successor. The members of the Architectural Control Committee shall not be entitled to any compensation for services performed pursuant to this covenant. The Association may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order to compensate any consulting architects, landscape architects, urban designers or attorneys.

Section 6. APPEAL OF COMMITTEE ACTION: Any Owner may appeal the decision of the Architectural Committee provided that all parties involved comply with the decision of the Architectural Committee until such time, if any, as the Board of Directors amends, or reverses the Architectural Committee's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within thirty (30) days of the decision of the Architectural Committee. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Committee within fifteen (15) days of receipt of the petition. The Board of Directors' decision shall be by majority vote. Any owner must exhaust this avenue of appeal prior to resorting to a court of law or equity for relief.

Section 7. NOTICE: Any Owner shall be deemed to have made a submission on the date it is hand delivered or deposited in the US Mail, registered or certified mail, return receipt requested, to the address shown on Exhibit A. Any change in address shall be evidenced by a Notice in a form substantially similar to Exhibit A which shall contain at a minimum the information shown thereon and which shall be filed with the Register of Deeds in the county in which the property is located. The Association shall at all times provide a place in the county in which the property is located at which the submission may be hand delivered. Said Notice shall be indexed in the name of the Association.
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7. EASEMENTS:

Section 1. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear ten (10) feet of each lot. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through a drainage channels in the easements. The easement area of each lot and all improvements in it shall be

maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

Section 2. The grantor reserves for itself, its successors or assigns, an easement and right at any time in the future to grant a right of way under, over and along ten (10) feet off the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service, drainage or other utilities including water and sewer services.

Section 3. For a period of two (2) years from the date of conveyance of the first Lot in a Parcel, the Declarant reserves a blanket easement and right of way on, over and under the ground within a Parcel to maintain and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary. Following such action the Declarant shall restore the affected property to its original condition as near as practical. The Declarant shall give reasonable notice of its intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. At the expiration of such two (2) year period, said easement to correct drainage shall automatically be held by the Association.

Section 4. Reservation of easement for Pier/Docks. (Lots 1 & 2 only) An easement is hereby reserved ten (10) feet in width within Lots 1 & 2 and running along the western boundary of Lots 1 and 2 of the subdivision. Said easement shall be for the purpose of installing, maintaining and repairing a pier or dock and walkway and any utility and service lines and systems associated therewith for use by the members of the Association and the public, but all such construction, repair and replacement shall be in accordance with all laws and regulations of the State of North Carolina. It is specifically understood that the width of the dock and walkway which is to be constructed or has been constructed and may be maintained is less than the easement width and that the remaining easement width shall specifically be for the maintenance and/or reconstruction thereof.

If said dock has not been fully constructed at the time the title to one or more lots have been conveyed by Declarant, the Declarant hereby reserves a temporary construction easement fifteen (15) feet within Lots 1 & 2 and running along the western boundary of Lots 1 and 2 of the subdivision. Such easement shall be limited for the purposes above stated and shall expire eighteen (18) months from the recording hereof.

Encroachment. In the event any portion of the such pier, dock and walkway which is built encroaches upon the adjacent lot, then and in that event an easement for that encroachment shall and does hereby exist, including an easement which shall affect any riparian and littoral rights.

7.1 OWNER'S EASEMENT OF ENJOYMENT:

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

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to limit the number of guests of members;

(c) the right of the Association to suspend the voting right and to use the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(d) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by fifty-one percent (51%) of each class of members agreeing to such dedication or transfer has been recorded.

(e) the right of individual Owners to the exclusive use of parking spaces as provided in this article.

(f) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

8. GENERAL PROVISIONS:

Section 1. Term: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty (20) years from the date these covenants are recorded, after which time such covenants shall be automatically extended for successive periods of ten (10) years.

Section 2. Enforcement: In the event of a violation or breach of any of these restrictions, covenants, agreements and conditions by any person or concern claiming by, through or under the undersigned, or by virtue of any judicial proceedings, the Association, its successors and assigns and the owners of the number lots in the subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms thereof or to prevent the violation or breach of any of them. Costs and reasonable attorney fees shall be recoverable by the Association as part of any judgment

or order to enforce these Restrictive Covenants. The failure to enforce any right, reservation, restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. ENFCMT 0020294

Section 3. Remedies Extended to the State of North Carolina: To ensure that this subdivision is maintained consistent with the laws of the State of North Carolina, the State of North Carolina is specifically empowered to take such acts necessary by and through its officers to enforce any of these covenants against an Owner or the Association. The State of North Carolina is specifically made a beneficiary of these covenants.

Section 4. Modification of Restrictive Covenants: General. These restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof during the first twenty (20) year period by written document executed by the Declarant or their successors in title and by the owner of not less than ninety percent (90%) or more of the subdivided lots, the Declarant may alter or amend these covenants without consent of anyone. After the expiration of the initial twenty (20) year period, these restrictions are subject to being altered, modified, canceled or changed at any time as to said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by not less than seventy-five percent (75%) of the Lot Owners, and recorded in the office of the Register of Deeds of the County in which this Declaration is recorded.

Section 4.1 Amendment for Voluntary Members: The Declarant, for itself and its successors and assigns, hereby expressly reserves the right, for a period of seven (7) years, to create an additional Voluntary Class of Members of the Association, without the consent or joinder of the Owners of Lots or persons or entities having a lien or security interest in such Lots, by amendment hereto as Declarant in its sole discretion may determine. The Voluntary Members shall be owners of lots in a subdivision developed by Declarant, and shall pay the assessments as may be established from time to time for payment by the Voluntary Members. Said assessments shall not exceed the assessments paid by the other members and shall be further limited to that portion of the regular or any capital assessment paid other members which is by the budget properly adopted by the Association designated for the use, upkeep, maintenance and repair of the amenities used by the Voluntary Member.

Section 5. Litigation: No judicial or administration proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75%) percent of the membership and a majority of the Board of Directors. This Section shall not apply, however to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the Declarant or is approved by the percentage votes and pursuant to the same procedures necessary to institute proceedings as provided above.

Section 6. Severability: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 7. Variances: The Association may allow reasonable variances and adjustments of the restrictions set forth in this Declaration in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that any such variance granted must be done in conformity with the intent and purposes of the general development scheme and provided also that in every instance such variance or adjustment shall not materially be detrimental or injurious to other property or improvements within the Properties.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, or if corporate, have caused this instrument 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 day and year first above written.

BLUEGREEN CAROLINA LAND, INC.

By: _____ PRESIDENT

(CORPORATE SEAL)
ATTEST:

Secretary

NORTH CAROLINA
COUNTY OF _____

I, a Notary Public of the County and State aforesaid, certify that _____, personally came before me this day acknowledged that he/she is _____ Secretary of BLUEGREEN CAROLINA LAND, INC., a Delaware 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, sealed with its corporate seal and attested by him/her as its _____ Secretary.

Witness my hand and official stamp or seal, this _____ day of JULY, 1998.

Notary Public

My commission expires: _____