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Joyce M. Swicegood
REGISTER OF DEEDS
PENDER COUNTY, NC

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC

STATE OF NORTH CAROLINA
COUNTY OF PENDER



Return To
Fuss & Fairley
P.O. Box 2550
Surf City, NC 28445

**MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SALTWATER LANDING (as may be amended or supplemented as set forth herein, "Master Declaration") is made this 21 day of December, 2004 by SALTWATER LANDING, LLC, a North Carolina limited liability company, whose address is P.O. Box 2190, Surf City, NC 28445 (the "Declarant").

WITNESETH:

A. Declarant is the owner and developer of certain real estate in Pender County, North Carolina, and more particularly described on Exhibit "A," attached hereto and made a part hereof, and incorporated by reference, said the General Warranty Deed to said real estate being recorded in the Office of the Register of Deeds of Pender County, North Carolina in Book 2326 at Page 061 (hereinafter referred to as the "Property" or "Subdivision"); and

B. Declarant is developing the Property known as "Saltwater Landing" by subdividing it into "Lots" that are to be used for residential purposes as well as common real estate and improvements that are to be owned by a homeowners association to which the Owner of a Lot must belong and pay lien-supported maintenance assessments; and

C. At the time of the conveyance of a Lot to an Owner, the Declarant intends to make available the common amenities on the Property, if any, as they are built, and, at the time of completed development, the entire common amenities of the Property, excluding the Lots, shall be conveyed without cost or charge to the Association.

THEREFORE, the Declarant hereby declares that all of the Lots and Common Areas (defined below) located within the Subdivision are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are established and agreed upon for

the purpose of enhancing and protecting the value, desirability and attractiveness of the Subdivision as a whole, and of each of said Lots. All of these restrictions shall run with the land and shall be binding upon the Declarant and upon the parties having or acquiring any right, title or interest, legal or equitable, in and to the Property or any part or parts thereof subject to such restrictions, and shall inure to the benefit of the Declarant and every one of the Declarant's successors in title to any of the Property.

PREPARED BY AND RETURN TO:

Mary C. Fairley
Fuss & Fairley, P.C.
P.O. Box 2550
Surf City, NC 28445

ARTICLE I

DEFINITIONS

Section 1.1 "**Annual Organizational Board Meeting**" means the annual organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2 "**Annual Meeting**" means the annual meeting of the Members held in Pender County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation, or during the last quarter of said year, on such date as the initial Board shall determine.

Section 1.3 "**Articles**" or "**Articles of Incorporation**" shall mean those articles filed with the Secretary of State of North Carolina, incorporating **Saltwater Landing Homeowners Association, Inc.**, as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4 "**Assessments**" means Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments and Fine Assessments.

Section 1.5 "**Association**" shall mean and refer to **Saltwater Landing Homeowners Association, Inc.**, to be formed as a non-profit corporation, and its successors and assigns.

Section 1.6 "**Builder Team**" and "**Builder Team Agreement**," alternatively, shall mean those builders approved by the Declarant or its authorized agent or that agreement entered into between the Declarant or its authorized agent and certain specific builders, who shall be the only builders permitted to be used by Purchasers in the construction of residential homes.

Section 1.7 "**Board**" or "**Board of Directors**" shall mean and refer to the Board of Directors of the Association.

Section 1.8 "**Bylaws**" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.9 "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.10 "Class B Members" shall mean as defined in Section 4.5.2 below.

Section 1.11 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, the Recreational Facilities Easement Agreement, the Roadway Declaration and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.12 "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets, and all landscaping and other improvements thereon, owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, the Recreational Facilities and parcels designated on the Subdivision plat as "Streets," "Open Space," "Common Area," "Walkway" or "Bulkhead," or reserved as an access drive or private street.

Section 1.13 "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation thereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefore. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to private roads and walkways. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.14 "Declarant" shall mean and refer to **Saltwater Landing, LLC**, a North Carolina limited liability company, its successors and assigns as a Declarant.

Section 1.15 "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.16 "Development Period" means the period commencing on the date on which this Declaration is recorded in the Pender County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision and all infrastructure has been completed; (ii) the date that Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording the Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.17 "Dwelling" shall mean and refer to the single family living residence on an individual Lot.

Section 1.18 "Fine Assessment" means the charge established by Section 5.5.2 of this Declaration.

Section 1.19 "Individual Assessment" means the charge established by Section 5.4 of this Declaration.

Section 1.20 "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a Dwelling has been or is to be constructed. The Declarant has initially created thirty-five (35) Lots in the Subdivision and has the right to establish additional Lots in accordance with the terms of this Declaration.

Section 1.21 "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.22 "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.23 "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.24 "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 1.25 "Property" or "Subdivision" shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration and the Association by the Declarant.

Section 1.26 "Recreational Facilities" shall mean and refer to such amenities as may be constructed upon the Property from time to time, as well as streets and walkways, and the related grounds, landscaping and improvements located within **Saltwater Landing** subdivision, or to be located thereon.

Section 1.27 "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.28 "Resident" shall mean and refer to any person, not an Owner, living in the Owner's Dwelling, including, but not limited to, temporary guests and Tenants.

Section 1.29 "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.

Section 1.30 "Roadway Declaration" shall mean that certain Declaration of Roadway Easements and Restrictions recorded in Book _____, Page _____ of the Pender County Public Registry, as the same may from time to time be amended in the manner therein.

Section 1.31 "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.32 "Special Assessment" means the charge established by Section 5.2 of this Declaration.

Section 1.33 "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

Section 1.34 "Working Capital Assessment" means the charge established by Section 5.3 of this Declaration.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1 The Property, each portion thereof, and all Dwellings thereon shall be held, transferred, sold, conveyed, leased, mortgage and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE III

PROPERTY RIGHTS IN COMMON AREAS

Section 3.1 Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. An Owner may landscape and maintain easements situated on his/her Lot, but owned by others, as permitted by the Rules and Regulations of the Association, as hereinafter set forth. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for a period not to exceed sixty (60) days for each such infraction, or for any non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and, from time to time, amend reasonable limitations upon use and Rules and Regulations pertaining to the use of

the Common Areas, including regulations limiting guests of Owners and Tenants who may use the Common Areas at any one time;

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including, without limitation, the Recreational Facilities Easement Agreement and the Roadway Declaration (if any);

3.1.4 The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; or

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities.

Section 3.2 Extension of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3 Title to Common Areas. The Declarant shall convey by deed all those Common Areas to the Association in fee simple absolute after the final platting of all Lots in **Saltwater Landing Subdivision**. Any such conveyance shall be subject to a pro-rata share of taxes for the year of conveyance, and shall be subject to restrictions, conditions, limitations and easements of record.

Section 3.4 Use of Common Areas by Declarant. In addition to the specific rights and easements reserved herein, Declarant, its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales and similar purposes until all of the Lots have been sold. The Board shall be empowered to allow the Declarant or its authorized agent to maintain and operate a sales office in or on any part of the common area.

ARTICLE IV

HOMEOWNERS ASSOCIATION

Section 4.1 Homeowners Association. There is being created a North Carolina non-profit corporation, known as **Saltwater Landing Homeowners Association, Inc.**, which shall be responsible for the maintenance, management and control of the Common Areas and upon each Lot and Dwelling as more specifically set forth in this Declaration.

Section 4.2 Board of Directors and Officers. The Board of Directors, and such officers as may be elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, within reasonable limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, Bylaws or the terms of the Roadway Declaration or the Recreational Facilities Easement Agreement, and shall in no way discriminate between classes of Owners. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4 Membership of Association. Every Owner of a Lot shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's governing body. The governing body is charged with making decisions on behalf of the Association that are fair, reasonable and non-discriminatory. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5 Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 **Class A Members.** Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling has been erected within the Property, shall automatically be a Class A Member of the Association except the Declarant during the Development Period; provided, however, that any such person, group of persons, or entity who holds such interest solely as security for the performance of an obligation, shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 **Class B Members.** The Class B Member during the Development Period shall be the Declarant. The Class B Member shall have the right to three (3) votes for each Lot it owns, until the Development Period has expired, at which time, the Class B Membership shall cease and be converted to Class A membership.

4.5.3 **Voting.** Except as specifically stated in Section 4.5.2, each Member shall have one vote with respect to each Lot owned by such Member, but a Class A

Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6 Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; (c) the Recreational Facilities; (d) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas, and which are not for the exclusive use of a single Dwelling. This obligation shall include, but not be limited to, entering appropriate contractual relationships with utility companies, the cost of which shall be included in dues paid by each Owner.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony.

4.7.2 To perform these responsibilities in a reasonable manner so as not to disturb other persons residing within the Subdivision.

4.7.3 To refrain from painting or otherwise altering, decorating or changing the appearance of any exterior portion of his Dwelling, without the written consent of the Association, which approval shall not be unreasonably withheld.

4.7.4 To refrain from impairing the use of any easement without first obtaining the written consents of the Association and of the Owner or Owners for whose benefit such easements exists.

4.7.5 To agree, by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, Tenant, licensee family

member, including, but not limited to any repairs necessitated by damage from pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.4 and Section 7.7 below.

Section 4.8 Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they are respectively responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect, or if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect, provided, however, if such performance is required to mitigate damages, said damages shall first be documented via integrated media, after which a special assessment shall be imposed as provided in Section 5.2, below.

Section 4.9 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing his obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Performance by Association may be delayed if Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect, provided, however, if such performance is required to mitigate damages, said damages shall first be documented via integrated media, after which a special assessment shall be imposed as provided in Section 5.2, below.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 5.1 Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses.

Section 5.2 Special Assessment. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) for any one item or in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant. As of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, and all items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by any other nationally recognized publisher or similar statistical information reflected by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date(s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligations to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling located upon the Lot that is occupied as a residence.

Section 5.3 Working Capital Assessment. Upon the initial transfer of record of the Lot from the Declarant (or successor declarant or designated declarant) to the Lot Owner (other than a successor declarant or designated declarant), the purchaser is required to pay a sum equal to two (2) full months of the Regular Assessment due on his or her Lot as his or her initial contribution to the working capital of the Association, or in a sum to be determined by Declarant. This sum is not an advance payment of the monthly Regular Assessment; rather the sum is allocated to a working capital fund to meet unforeseen expenditures and operating expenses, or to purchase any additional equipment or services. While the Declarant is in control of the Association, it cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs. When control of the Association is transferred to the Lot Owners, the working capital fund shall be transferred from Declarant to the Association for deposit to a segregated fund. Additionally, at the closing, each purchaser of a Lot is required to pay a pro-rata share of the Regular Assessment due in the month of closing, if such assessment has been set prior to closing.

Section 5.4 Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act

of an Owner, his family, his pet(s), or a Resident, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair or replacement done after obtaining a minimum of two (2) estimates, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.5 Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

5.5.1 The monthly Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Dwelling to the Owner and shall be adjusted according to the number of days remaining in the month. The Declarant, its successors and assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the monthly Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year, except that Declarant shall set the monthly assessment until the Development period has ended. Written notice of the monthly Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the due dates.

5.5.2 The Board of Directors, or an adjudicatory panel consisting of three (3) members randomly selected from the names of all Owners at the annual meeting of the Association, may levy a reasonable Fine Assessment, as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.5.3 If the Association is paying the water and/or sewer bill(s) for the Subdivision or any Lot Owner within the Subdivision, the Association may assess each Lot Owner benefited for its share of the water and/or sewer bill(s). Each Lot Owner shall bear an equal share of the bill, but the Association can assess an extra amount against a Lot Owner to recover the cost of any extraordinary amount of water used by that Lot Owner. "Extraordinary" shall be as determined by the discretion by the Board of Directors. The Assessment for water and sewer, if any, shall be part of the Regular Assessment and shall be considered a Common Expense.

5.5.4 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.5.1 above.

Section 5.6 Billing. The Association shall inform each Lot Owner of the amount of the total Regular Assessment due from the Owner of that particular Lot on an annual basis. This Regular Assessment may be paid in monthly installments or as otherwise required by the Association. The Owner of each Lot must pay his Lot's required Regular Assessment in advance on the first calendar day of each month, unless the Association otherwise directs. Payment is to

be made to such person at such an address as Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to begin paying the Regular Assessment as of the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall begin paying the Regular Assessment, in a sum to be determined by the Declarant depending on the type of structure being constructed, on the first day of the initial conveyance of the Lot from Declarant to the Owner. Under no circumstances shall the Declarant be charged assessments, regular or special; nor shall the Declarant be penalized for non-payment of said assessments.

Section 5.7 Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.8 Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments; i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.9 Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available during normal business hours current copies of the books, records and financial statements of the Association upon reasonable request of any Lot Owner and/or the holders of all first mortgages on Lots. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. All books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.10 Non-Payment of Assessment. Any Assessment levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot, which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs and

reasonable attorney fees shall be added to the amount of each Assessment. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.11 Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgagees which have been filed of record before a claim of this lien hereunder has been docketed in the office of the clerk of superior court in Pender County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorney fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.12 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring action in an appropriate court of law.

Section 5.13 Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.14 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage first deed of trust or by deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot, which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Pender County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.15 Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee, or other agent appointed by Grantee to act on his behalf, shall inform the Board of Directors in writing of such contemplated conveyance and such Grantee or first mortgagee, or other agent appointed by Grantee to act on his behalf, shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs and reasonable attorney fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.16 Late Charge. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable, and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to contest such Assessment successfully. The amount of the late charge shall be the greater of (a) Twenty and 00/100 (\$20.00) Dollars, or (b) Twenty (20%) Percent of the delinquent amount, or such other amount as may be determined by the Association from time to time. Additionally, if a Lot Owner shall be in Default in payment of an installment upon an assessment or of a single monthly assessment, the Association has the right to accelerate all monthly Assessments remaining due in the current fiscal year. The total of such Assessments, together with the delinquent Assessments shall then be due and payable by the Lot Owner no later than ten (10) days after the delivery of written notice of such acceleration to the Lot Owner, or twenty (20 days) days after mailing of such notice to him by certified mail, whichever occurs first. If such acceleration amount is not paid by the due date, the above-described late charge may be imposed on the part of such accelerated amount not paid by the due date.

Section 5.17 Miscellaneous.

5.17.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.17.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise, notice sent by Association to the Lot is sufficient for any notice requirement under this Declaration.

5.17.3 The lien under this Article V arises automatically, and no notice of lien need be recorded to make the lien effective.

5.17.4 The Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorney fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.17.5 Any Assessment otherwise payable in installments may become immediately due and payable in full without notice upon Default in the payment of any installment. The acceleration shall be at the discretion of the Board.

5.17.6 No Owner of a Lot may exempt himself or herself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

5.17.7 This Section 5.17 applies to every type of Assessment.

ARTICLE VI**EASEMENTS AND ENCUMBRANCES**

Section 6.1 . Easement for Encroachments. The Dwellings, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2 Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3 Utility Easements. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision in this Article 6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest, and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as his attorney in fact, coupled with an interest, and hereby authorize, direct and empower such attorney in fact, at the option of the attorney in fact, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

Section 6.4 General Easements. An easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Areas, the Lots and/or Dwellings for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or Dwellings, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwellings in the Subdivision.

Section 6.5 Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the Common Areas, to and from a thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6 Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly and in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area, which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restrictions is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

Section 6.7 Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successor and assigns, to enter upon the Subdivision for access, including ingress and egress both for vehicles and pedestrians, to and from any street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that are located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of Saltwater Landing.

Section 6.8 Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement on a temporary basis to go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to temporary storage of construction materials, equipment or dirt, and to deposit spoils from the dredging of the canal upon the Lots. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9 Roadway Easement. Pursuant to the Roadway Declaration, Declarant has reserved for the benefit of all Lot Owners the non-exclusive right of ingress and egress on, over and across private roadways (the "Roadways") located on or to be located on a portion of

the Subdivision. Roadways constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration and the Roadway Declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, Declarant retains the right, but not the obligation, to dedicate or transfer any or all parts of the Roadway to a unit of local government.

Section 6.10 Declarant's Easements: General. The easements and grants reserved for and granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guests, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within Saltwater Landing.

Section 6.11 Easements to Run with Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12 Reference to Easements and Deeds. Reference in the respective deeds of conveyance or any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in said instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

ARTICLE VII

INSURANCE

Section 7.1 General Insurance. The Association shall purchase such insurance as is required to be maintained pursuant to the Roadway Declaration and the Recreational Facilities Easement Agreement, if any, and the Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance with respect to the Common Areas, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof in accordance with the following provisions:

7.1.1 The Board of Directors shall review the insurance coverage required under this Section 7.1 at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

7.1.2 The Association shall also maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance

of the Common Areas. The Association shall try to have its liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Lot Owners, individually and as a group (arising out of their ownership interest in the Common Areas), to another Lot Owner.

Section 7.2 Fidelity Insurance. The Association must have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which in no event less is than the insured's total Regular Assessment, plus all accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.3 Directors' and Officers' Errors and Omissions Insurance. The Association shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty to the Association; or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be determined by the Association.

Section 7.4 Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Lot Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.1 and Section 7.7 herein.

Section 7.5 Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6 Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance any insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association, as said attorney in fact, shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, to execute releases of liability and to execute all documents and to do all things on behalf of the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7 Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling, or the contents of any Lot or Dwelling, or for the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other

property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling. In addition, each Lot Owner shall maintain fire and extended coverage insurance on his Dwelling, and the contents of his Dwelling. The Association may request the Lot Owner to provide a copy of the Declaration Page to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of: (a) the insurance deductible due under the Association's insurance policy; or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s), or twenty (20) days after mailing of such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

Section 7.8 Release. All policies purchased under this Article VII either by the Association or the individual Lot Owners shall provide for the release by the issuer thereof, of any and all rights of subrogation or assignment, and all causes and rights of recovery against any Lot Owners, member of their family, their employees, their tenants, servants, agents and guests, the Association, any employee of the Association, the Board, or any occupant of a Dwelling in the Subdivision, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 7.9 Approximate Coverage. If any of the required insurance coverage under this Article VII becomes or is impossible to obtain or can be obtained only at an unreasonable cost, the Association shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available.

Section 7.10 Additional Policy Requirements. All insurance coverage obtained by the Association shall be written in the name of the Association, for the use and benefit of the Association, the Lot Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

7.10.1 Exclusive authority to adjust losses under policies in force on the Subdivision obtained by the Association shall be vested in the Association provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

7.10.2 In no event shall the insurance coverage obtained by the Association hereunder be brought into contribution with insurance purchased by individual Owners,

occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

7.10.3 All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

7.10.4 The Association shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

7.10.4.1 a waiver of subrogation as discussed in Section 7.8;

7.10.4.2 that no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;

7.10.4.3 that no policy may be canceled, invalidated or suspended on account of the conduct of any Director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or mortgagee; and

7.10.4.4 that any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

ARTICLE VIII

ASSOCIATION

Section 8.1 Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable, nondiscriminatory Rules and Regulations; to borrow money; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in *Section 47F-3-102* of the Planned Community Act, provided, however, that Lot and Dwelling Owners be given notice and opportunity to be heard prior to the passage of any rule or regulation that puts an undue burden on any class or group of Owners.

Section 8.2 Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors (the "Board"). The Association in accordance with the Bylaws shall choose the Board. The Board shall be

authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 8.3 **Limitations on Association's Duties.**

8.3.1 The Association did not construct the improvements, including the Dwellings. The Association does not warrant in any way or for any purpose, the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2 The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any determination of the reasonableness of the Association's response, must allow for the facts that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice, fraud or discrimination. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE IX

HARMONY, ENVIRONMENTAL CONTROLS

Section 9.1 **Architectural Control Committee.** Except for original construction performed by or on behalf of Declarant or as otherwise provided in these covenants, no building, fence, electric pet fence, sidewalk, drive, mailbox, or other structure, or improvement or anything attached thereto, visible from the outside of the structure or improvement shall be erected, placed, altered, or maintained within the Subdivision, nor shall any exterior addition, change (including any change in color) or alteration therein be made until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), general contractor and all subcontractors, and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association, or by any architectural control committee appointed by said Board of Directors. Refusal of approval of plans, location or specification by said Board of Directors or architectural control committee may be based upon reasonable grounds only, and not upon personal preference, such reasonable grounds to include lack of harmony of external design, color, location or relation to surrounding structures and topography and purely aesthetic considerations which, in the discretion of said Board of Directors or architectural control committee shall deem sufficient. After approval by the Board of Directors or architectural control committee is given, no alterations may be made in such plans except by and with their prior written consent. One copy of all plans, specifications and related data shall be furnished the Board of Directors or architectural control committee for its records. Approval based upon the subjective tastes of any member of the Board of Directors or Architectural Review Committee is

prohibited; any members unable to be objective, or to follow a written objective standard as approved by the Owners shall recuse him or her self from voting. The vote of 60% of the members of such group shall be sufficient for approval.

Section 9.2 Coastal Stormwater Management Regulations. In accordance with Title NCAC 2H.1000, The Coastal Storm Water Management Regulations, the within subdivision shall apply to all "built upon" surface area for each and every lot sold in order to have surface area consistent compatible with the applicable regulations limiting the built-upon area. The following deed restrictions and covenants are herein made part of this recorded Declaration, and shall be compliant with all regulations required before receiving the Stormwater Management Permit.

Section 9.2.1 These covenants are intended to ensure ongoing compliance with State Stormwater Management Permit SW8 041031, as issued by the Division of Water Quality under NCAC 2H 1000.

Section 9.2.2 The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.

Section 9.2.3 These covenants are to run with the land and to be binding on all persons and parties claiming under them.

Section 9.2.4 The covenants pertaining to the stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

Section 9.2.5 Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

Section 9.2.6 The maximum allowable built upon area per lot square feet is Eighteen Hundred (1,800 sq. ft.). This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front line and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate and coquina, but does not include raised, open wood decking, or the water surface of swimming pools.

Section 9.2.7 Except for average driveway crossings, filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development is strictly prohibited.

Section 9.2.8 Each Lot will maintain a thirty (30') foot wide vegetated buffer between all impervious areas and surface waters.

Section 9.2.9 All roof drains shall terminate at least thirty (30') feet from the mean high water mark of surface waters.

BY MY SIGNATURE BELOW, I, D.C. LANIER, SWEAR THAT I WILL CAUSE THE AFORESTATED PROVISIONS RELEVANT TO STORM WATER REGULATIONS TO BE INCORPORATED INTO THIS MASTER DECLARATIONS FOR THE SUBDIVISION OF SALTWATER LANDING PRIOR TO THE SALE OF ANY LOT COVERED BY STORM WATER PERMIT SW8 041031, AND FURTHER WILL COMPLY WITH ALL APPLICABLE REGULATIONS OF THE DIVISION OF WATER QUALITY.

ARTICLE X**USE RESTRICTIONS**

Section 10.1 **Use and Occupancy.** The Association shall make Rules and Regulations to govern the use and occupancy of the Subdivision. In addition, the following covenants, conditions, and restrictions, as to use and occupancy shall run with the land and shall be binding upon each Lot Owner, his heirs, tenants, licensees and assigns.

Section 10.2 **Purpose of Subdivision.** Except as otherwise provided in this Declaration, no part of the Subdivision shall be used for other than housing and the common recreational purposes for which the property was designed, and each Lot shall be used only for residential purposes, unless the Board of Directors authorizes some other use. Except for the construction, sales and management activities (including, without limitation, the right of Declarant to maintain one or more model Dwellings, or sales offices) of the Declarant, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted on any part of the Subdivision property, without the express written consent of Declarant. To the extent permitted by law, an Owner may use a portion of his or her Dwelling for an office or studio provided that the activities conducted therein shall not interfere with the quiet enjoyment or comfort of any other owner or occupant; and provided further that such activities do not increase the normal flow of traffic of individuals in and out of the Subdivision or in and out of said Owner's Lot.

Section 10.3 **Obstruction of Common Areas.** There shall be no storage or parking of any items, including baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs in any part of the Common Areas, except as permitted by the Rules and Regulations. Patios, porches (except screened in and/or enclosed porches) and decks, may be used only for their intended purposes.

Section 10.4 **Parking.** Except for vehicles being used by persons providing services to the Declarant, the Association, and the Lot Owners, or otherwise being used or authorized to be used in the Subdivision by the Declarant, no part of the Subdivision may be used for the parking of any trailer coach, house trailer, mobile home, automobile trailer, motorcycle, camp car, recreational vehicle, camper, truck which exceeds 3/4 ton, boat, boat trailer, or any vehicle with letters or other markings over four inches tall or wide, or any other similar vehicle (collectively, "**Special Vehicles**"), unless such Special Vehicles are parked in the garage of the Lot Owner who owns such Special Vehicle, and the garage door of such Lot Owner is completely closed at all times when a Special Vehicle is parked therein. Operative vehicles, other than Special Vehicles, used by a resident of a Lot as a primary source of transportation may be parked in the driveway of such Lot Owner or in any garage space owned by the Owner of such Lot. However, the residents of any one Lot may not collectively park more than four (4) operative vehicles other than Special Vehicles in the Subdivision. Inoperative vehicles may not be parked within the Subdivision unless these inoperative vehicles are parked in the garage and the garage door is completely closed. No auto maintenance and/or repairs may be performed on the Subdivision except if performed inside the garage of a Lot Owner. Vehicles, whether owned by a Lot Owner or not, parked in violation of any part of this Declaration or in violation of any Rules or Regulations, shall be towed away and stored at the Owner's risk and expense. By

parking in the Project, the Owner of the vehicle or other vehicle user hereby waives any claim against the Association resulting directly or indirectly out of the towing, unless the towing can be shown by a preponderance of the evidence, to have been done maliciously by the Association. Note that the Association is not obliged to try to determine the owner of a vehicle and first give notice, before towing the vehicle. If a Lot Owner is not sure about the right to park at any particular area or space, the Lot Owner should request, in writing, a written opinion from the Board. If the Board gives the approval sought by the Lot Owner or if the Board does not answer the written request by the Board, the Lot Owner may park in the space until further written notice to the contrary from the Board. Note that the Association's right to tow a vehicle includes the right to immobilize it.

Section 10.5 Compliance With Insurance Policies and Waste. No Lot Owner shall permit anything to be done or kept in his or her Dwelling, in the Common Areas or on a Lot which will result in the violation of any law. No waste will be committed in the Common Areas. All laws shall be obeyed.

Section 10.6 Animals and Pets. No animals of any kind shall be raised, bred, or kept on any Lot or in any Dwelling or in the Common Areas, except that dogs, cats or other household pets may be kept in a Dwelling, subject to the Rules and Regulations, provided that any animal is not kept, bred or maintained for any commercial purpose, and that it is kept subject to the Rules and Regulations of the Association. Dogs, cats or other household pets must be kept within the confines of the Owner's Dwelling except when being held on hand leash by the owner of the animal, or the owner's agent. No Lot Owner shall install a fence and/or electric fence without the prior written consent of the Board, said permission not to be unreasonably withheld. No pet may be "staked," housed, tied up or otherwise left in any Common Area. A Lot Owner shall be responsible for cleaning up after his household pet. Notwithstanding the above, the Association shall have the right to levy fines and enforcement charges against persons who do not clean up after their pets, or who leave pets unattended in a yard or similar enclosure for an unreasonable period of time. Additionally, the right of an occupant to maintain an animal in a Dwelling shall be subject to termination if the Owner has received two (2) or more notices of violation by the local governing body; in this instance, the Board is empowered to determine that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Subdivision or occupants, and thereafter terminate the right of the Owner to have a pet on the premises. Any Owner having a pet shall obey any ordinance promulgated by local or county government with regard to control of pets.

Section 10.7 Nuisances. No noxious or offensive activity shall be carried on in any Dwelling or in the Common Areas or on the Lot of an Owner, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants. A standard of reasonability shall be used to determine the validity of a Lot or Dwelling Owner's assertion of nuisance.

Section 10.8 Impairment of Structural Integrity of Building. Nothing shall be done in any Dwelling, or on any Lot, or in, on or to the Common Areas which will impair the structural integrity of any building or which, absent the prior written approval of the Board, would structurally change any building.

Section 10.9 Laundry or Rubbish and Open Fires in Common Areas and Facilities.

No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Areas, or on any Lot in a manner visible from any Common Area, neighboring Lot or street. Temporary use of porch or deck railings may be used to dry beach towels. The Common Areas shall be kept free and clear of rubbish, debris and other unsightly materials. All trash, garbage or other rubbish shall be deposited only in covered sanitary containers as provided in Section 10.14 below. No open fires shall be permitted on any part of the Subdivision other than fires in charcoal, provided the use of such devices does not violate any local governmental rules or regulations.

Section 10.10 Prohibited Activities. Except as otherwise provided in this

Declaration, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, shall be conducted, maintained or permitted on any part of the Subdivision. A Lot Owner is permitted to place and maintain a standard "For Sale" or "For Rent" sign only in the window of his Dwelling; provided, however it is of a typical size within the industry or within an area expressly permitted by the Board of Directors. No other sign that is visible from the outside of Dwellings may be placed on any part of the Subdivision except as expressly permitted by the Board of Directors. Declarant and/or the Board shall have the right to remove and dispose of those items in violation of this Declaration. A Lot Owner must obtain the prior written consent of the Board of Directors in the event a Lot Owner desires to maintain a "For Sale" or "For Rent" sign which is not of a typical size within the industry, or desires to maintain other displays or advertising, unless otherwise provided for under the Rules and Regulations. The right is reserved by the Declarant to use any such unsold or unoccupied Dwellings or other structures in the Subdivision as models and/or offices in connection with the construction, sale or rental of Dwellings.

So long as the Declarant owns a Lot, no action may be taken and no Rule or Regulation may be adopted or amended that would (a) directly or indirectly alter the exterior appearance of any part of the Subdivision; (b) reduce or discontinue any maintenance standard or practice in effect as of the date when the Declarant no longer controls the Board; (c) adversely affect the Declarant's sale or leasing of any Lots; or (d) otherwise adversely affect the Declarant, any of its rights, or any Lot owned by it without, in each case, first obtaining the Declarant's written consent.

Section 10.11 Alteration of Common Areas. Nothing shall be altered or constructed

in or removed from the Common Areas except as otherwise provided in this Declaration and except upon the written consent of the Association. A Lot Owner shall landscape, or may plant flowers, herbs or limited vegetables, on Owner's Lot.

Section 10.12 Rental of Dwellings. In order to protect the equity of the Lot Owners

and to carry out the purpose for which the Association was formed, an Owner of a Dwelling who intends to rent the Dwelling must rent the entire Dwelling, and not parts thereof. All leases of any Dwelling shall be in writing, and shall be in a term of not less than two (2) weeks. All such leases shall provide that they are subject to all of the provisions of the Declaration, the Bylaws and the Rules and Regulations and that any failure by the lessee to comply with any of such provisions shall constitute a default under the lease.

If any lessor or lessee is in violation of any of the provisions of the foregoing documents, the Association may bring an action in its own name and/or in the name of the lessor to have the lessee evicted and/or to recover damages. If the Court finds that the lessee is or has violated any of the provisions of the Declaration, the Bylaws or the Rules and Regulations, the Court may find the lessee guilty of forcible detainer notwithstanding the facts that the lessor is not a party to the action and/or that the lessee is not otherwise in violation of lessee's lease or other rental agreements with lessor. For purposes of granting the forcible detainer against the lessee, the Court may consider the lessor a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (i.e., the Association). The remedy provided by this Section 11.13 is not exclusive and is in addition to any other remedy or remedies that the Association has. If permitted by present or future law, Association may recover all of its costs, including Court costs and reasonable attorney fees, and such costs shall be a continuing lien upon the Lot which shall bind the Lot in the hands of the then Lot Owner and the Lot Owner's successors and assigns.

Section 10.13 Trash Disposal. Each Lot Owner shall deposit all trash, garbage, or other rubbish as directed and instructed by the Board. Lot Owners shall keep trash containers at all times in each Lot Owner's garage (if applicable), or in such other location as designated by the Board, except on the days when trash, garbage, or other rubbish is collected by the local waste removal authorities. Any trash containers placed outside by the Lot Owners in the location designated for collection by the local waste removal authorities shall only remain in such location for a period not to exceed twenty-four (24) hours. The Board shall have the right to dispose of any trash, garbage, or other rubbish of a Lot Owner in violation of this Article X, and may assess the Lot Owner for the cost of such removal, which amount shall be payable on the date the next installment of the regular assessment is due.

Section 10.14 Nondiscrimination. No owner (including the Declarant), or any employee, agent or representative thereof, shall discriminate upon the basis of gender, race, age, color, creed or national origin in the sale, lease or rental of any Lot nor in the use of the Common Areas, provided, however, no owner shall knowingly rent the dwelling to a minor or minors.

ARTICLE XI

ENFORCEMENT

Section 11.1 Enforcement.

11.1.1 The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate ("Violating Party") any covenant, condition or restriction, either to restrain or to enjoin violation, or to recover damages, and against the land to enforce any lien created by these covenants. In addition to all other amounts due because of said violation or attempted violation, the Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the "Enforcing Parties") for all reasonable attorney fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or

restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any lawsuit filed to enforce this Declaration by injunction or restraint, there shall be, and there is hereby, created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants, conditions or restrictions cannot be adequately remedied by action at law or by recovery of damages.

11.1.2 In addition to all other remedies of the Association, the Association shall have the right to assess a maximum per diem fine, reasonable to the offense per violation against any Owner who violates any provision of this Declaration or the Articles, Bylaws or Rules and Regulations of the Association, only after such Owner has been given notice of the violation and an opportunity to be heard with respect to the violation in accordance with such policies and procedures as may be adopted from time to time by the Board of Directors or as may be set forth in the Bylaws.

11.1.3 In addition to the above rights, the Association may also enter upon a Lot or any land upon which a violation exists to remove any violation, perform maintenance or make repairs thereon which is the responsibility of a Lot Owner who has failed to remove said violation or to perform such maintenance or make such repairs (i) after having given such owner at least twenty (20) days prior notice by certified mail, or (ii) without giving notice in the event of an emergency.

Any action brought by the Association hereunder may be brought in its own name, in the name of its Board or in the name of its managing agent. In any case of flagrant or repeated violation by a Lot Owner, he or she may be required by the Association to give sufficient surety or sureties for his or her future compliance with the covenants, conditions and restrictions contained in this Declaration, the Bylaws and the Rules and Regulations.

Section 11.2 Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 11.3 Restrictions Run With Land. The easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Dwelling subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

Section 11.4 Amendment. The Declarant, as the entity controlling the Association until the expiration of the Development Period, may amend this Declaration at any time, as long as consistent with the design, scheme and purposes of this Declaration during the development period. Thereafter, Amendment shall be by the affirmative vote or written agreement of the Owners to whom not less than sixty-seven (67%) percent of all of the votes in the Association are allocated in accordance with Section 4.4 and Section 4.5 above. Any amendment must be recorded in the Office of the Register of Deeds of Pender County. Following the end of the Development Period, no such agreement to amend, in whole or in part, shall be effective unless written notice of the proposed amendment is sent to every Member at least thirty (30) days in

advance of any action taken, and no such amendment shall be effective with respect to any permanent easements or other permanent rights or interests relating to the Common Areas herein created (unless such amendment is consented to in writing by Declarant, Declarant's successor in interest, or its assigns and all other beneficiaries of such permanent easements, rights of interests).

Section 11.5 Reservation of Special Declarant Rights. Declarant or Declarant's agent, reserves the right to maintain sales and management offices, model dwellings, construction trailers, storage or staging areas, and advertising signs upon Lots or the Common Areas and upon Lots owned by it until the expiration of the Development Period and to exercise all other "Special Declarant Rights" as defined in the Planned Community Act. Without limiting the foregoing, and notwithstanding anything herein to the contrary, during the Development Period, Declarant shall have the right to annex additional Lots or Common Areas into the Subdivision by filing a supplement to this Declaration in the Office of the Register of Deeds of Pender County, together with an amendment to the Plat (if applicable). Such additional Lots or Common Areas need not be contiguous to the Property. Declarant shall have the right to assign all or a portion of any rights or easements reserved herein by a written assignment thereof, recorded in the Office of the Register of Deeds of Pender County.

Section 11.6 Management and Service Contracts. Any agreement for the professional management of the Subdivision of the Common Areas may not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee upon sixty (60) days written notice. Notice by the Association is waived in the event of breach of contract by the management company.

Section 11.7 Binding Determination. In the event of any dispute or disagreement with or between any Owner(s) relating to, or of any other disputes, disagreements or questions regarding, the interpretation or application of the provisions of this Declaration or the Articles or Bylaws of the Association, the determination thereof (i) by Declarant for so long as Declarant retains control of the Association; and (ii) thereafter by the Board of Directors of the Association, upon advise of the Adjudicatory Panel, shall be final and binding on each and all such Owners; providing that any determination which directly or indirectly affects Declarant shall require Declarant's prior consent to become binding upon Declarant.

Section 11.8 Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

Section 11.9 Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his Lot (or any of them if more than one) unless otherwise specified in writing to the Association. The Articles and Bylaws shall specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration.

Section 11.10 Governing Law. This Declaration shall be deemed to be made under, shall be construed in accordance with governed by, the laws of the State of North Carolina, and any suit to enforce any provision hereof, or to obtain any remedy with respect hereto, shall be brought in the appropriate state court in Pender County, and for this purpose, each Owner, by becoming an Owner and member of the Association, hereby expressly and irrevocably consents to the jurisdiction of said court.

ARTICLE XII

MORTGAGEE'S RIGHTS

Section 12.1 Notice of Rights of Mortgagee of a Lot. As used herein, the term "Mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association with its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article XII. A Mortgagee of a Lot shall be entitled to receive written notification of any default that is not cured within sixty (60) days after its occurrence by the Owner of the Lot with respect to any obligation of the Owner under the Declaration, the Bylaws of the Association or the Articles of Incorporation of the Association. Any Mortgagee of a Lot can make the request for notification. The notification shall be sent not later than the 65th day after the occurrence of an uncured Default.

Section 12.2 Rights of First Refusal. Any right of first refusal now or hereafter contained in this Declaration or any amendment or modification hereto or otherwise arising in favor of the Association or certain Owners shall not apply to or preclude or impair in any way the right of the first Mortgagee to (i) foreclose or take title to the Lot pursuant to the remedies provided in its mortgage; (ii) accept a deed or assignment in lieu of foreclosure in the event of a default under the Mortgage; or (iii) sell or lease a Lot and Dwelling acquired by the Mortgagee.

Section 12.3 Rights of Mortgagee. Unless at least seventy five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder, the Association shall not:

12.3.1 by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon, which are owned directly or indirectly by the Association for the benefit of the Lots, or the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision;

12.3.2 by act or omission seek to change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

12.3.3 by act or omission seek to change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwellings, the exterior maintenance of the Dwellings, the maintenance of common fences or driveways or the upkeep of lawns and plantings in the Subdivision;

12.3.4 by act or omission fail to maintain fire and extended coverage insurance on insurable Common Areas on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

12.3.5 by act or omission seek to use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 12.4 Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 12.5 Taxes and Insurance. Mortgagees may, jointly or singly, pay taxes or other charges that are in default, and that may, or have become, a charge against any Lot, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Lot, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Lot Owner.

Section 12.6 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting the title to the Property, Common Areas, any Lot or the organization or operation of the Association shall give an Owner or any other party priority over any rights of first mortgagees of Lots within the Subdivision pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Common Areas.

ARTICLE XIII

NON-DEDICATED STREETS

Section 13.1 Use. All non-dedicated streets constructed within the Subdivision are reserved as easements of private access for the common use of Owners (pursuant to the Roadway Declaration), their families, guests and invitees; by commercial vehicles authorized to make pick-ups and deliveries; by public and private utilities' personnel, trucks and equipment; by postal authorities and mail carriers; by emergency personnel and vehicles such as police, fire and ambulance; and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress or egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 13.2 Maintenance, Reconstruction or Resurfacing. The Association, at the cost and expense of the Association, shall provide for maintenance, repair and/or reconstruction of any non-dedicated streets or any storm water drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

**DECLARANT RESERVES THE RIGHT, BUT NOT THE OBLIGATION, TO ADD OTHER EXHIBITS
BY AMENDMENT WITHOUT AUTHORIZATION OF ANY OWNER OR PURCHASER FOR VALUE.**

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

Saltwater Landing, LLC
a North Carolina Limited Liability Company

BY: David C. Lanier
Managing Member
Wilma B. Lanier
Member

STATE OF NORTH CAROLINA

COUNTY OF Pender

This 21st day of December, 2004, personally came before me LUANNA C. BOWEN, Notary Public of Pender County, State of North Carolina, who, being by me duly sworn, says that he/she is a Managing Member and Member of Saltwater Landing, LLC, a North Carolina limited liability corporation, and that said writing was signed and sealed by him/her in behalf of said corporation by its authority duly given. And the said Managing Member and Member acknowledged the said writing to be the act and deed of said Limited Liability Company. *David C. Lanier and Wilma B. Lanier

Witness my hand and official stamp or seal this 21st day of December, 2004.

Luanna C. Bowen
Notary Public



My commission expires:

4-18-2009

NORTH CAROLINA - PENDER COUNTY: The foregoing (or annexed) certificate of Luanna C. Bowen is certified to be correct. This 22nd day of Dec, A.D. 2004
JOYCE M. SWICEGOOD - Pender County Register of Deeds
By: Doug Berry Deputy/Assistant-
Register of Deeds

EXHIBIT A

BK2550PG201

EXHIBIT "A"

Being all of that certain tract designated as Tract No. 7 on that certain map entitled "Division Map for the Empie N. Sidbury Estate" prepared by Thompson Surveying Company, dated March, 1986 and recorded in the Office of the Register of Deeds of Pender County, NC in Map Book 22 at Page 85.



FILED

BK 2657 PG 196

05 MAY 10 AM 11:27

Joyce M. Swicegood
REGISTER OF DEEDS
PENDER COUNTY, NC

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC

SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SALTWATER LANDING, LLC

THIS AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS: Made this 1st day of April 2005, by owner and developer of certain real estate in Pender County in the subdivision known as **Saltwater Landing** (hereinafter referred to as the "Property"), and being more particularly described in Exhibit "A" attached hereto, made part hereof and incorporated by reference, said Property subject to **Master Declaration of Covenants, Conditions and Restrictions (hereinafter referred to as the "Covenants")** recorded in Book 2550 at Page 169, and **First Amendment to Declaration of Covenants, Conditions and Restrictions for Saltwater Landing, LLC**, recorded in Book 2581 at Page 162 in the Office of the Register of Deeds of Pender County, North Carolina.

WHEREAS, that the Declarant is permitted to amend the **Master Declarations** to said Covenants pursuant to §11.4 of **Article 11**, and pursuant to §3.1 3.1.1, 3.1.2, 3.1.3, 3.1.4, and 3.1.5 of **Article 3**, the right dedicate or convey portions of the Common areas to applicable governmental authorities is reserved to the Declarant.

WHEREAS, the Declarant desires to amend the Master Declarations by the addition of **Article XIV** entitled **Wetlands Conservation Covenant** in order to bind the Declarant, its heirs, successors and assigns to the preservation of wetlands as shown on Exhibit "B" attached hereto, made part hereof and incorporated by reference, and that plat recorded in Map Book 39 at Page 061, Slide 526, in the Office of the Register of Deeds of Pender County, North Carolina, said plat having been prepared by Thompson and Jones, RLS.

NOW, THEREFORE, pursuant to the North Carolina Planned Community Act (NCGS 47-F), Declarant does, in fact, own all lots subject to the **Covenants**, and is amending the **Covenants** so that **Article XIV** shall state as follows:

ARTICLE XIV

WETLANDS CONSERVATION COVENANT

Section 14.1 The areas shown on the recorded plat in Map Book 39 at Page 061, Slide 526, as wetland areas shall be maintained in perpetuity in their natural and mitigated condition. No person or entity shall fill, grade, excavate, or perform any other land disturbing activities; no person or entity shall cut, remove or harm any vegetation; no person or entity shall construct any structures, or allow animal grazing or watering, or any other agricultural use on such conservation area.

- 14.1.1 Enforcement. This covenant is intended to ensure continued compliance with the mitigation condition of authorizations issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, Action ID 200500240, and therefore may be enforced by the United States of America.
- 14.1.2 Duration. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it.
- 14.1.3 Amendments. This Article XIV, or any portion thereof, shall not be amended without the express written consent of the U.S. Army Corps of Engineers, Wilmington District.

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

Saltwater Landing, LLC
a North Carolina Limited Liability Company

BY:

David C. Lanier
David C. Lanier, Managing Member

Wilma B. Lanier
Wilma B. Lanier, Member

{NOTARY ATTACHED}

STATE OF NORTH CAROLINA
COUNTY OF Pender

This 1st day of April, 2005, personally came before me, Notary Public of Pender County, State of North Carolina, David C. Lanier and Wilma B. Lanier, who, being by me duly sworn, says that he/she is a Managing Member and Member of Saltwater Landing, LLC, a North Carolina Limited Liability Company, and that said writing was signed and sealed by them on behalf of said Limited Liability Company by its authority duly given. And the said Managing Member and Member acknowledged the said writing to be the act and deed of said Limited Liability Company.

Witness my hand and official stamp or seal this 1st day of April, 2005.

Luanna C. Bowen
Notary Public

My commission expires:
4-18-2009



NORTH CAROLINA - PENDER COUNTY: The foregoing (or annexed) certificate of Luanna C. Bowen is certified to be correct. This 10 day of May, A.D. 2005
JOYCE M. SWICEGOOD - Pender County Register of Deeds
By: Louise Dewalt Deputy/Assistant
Register of Deeds

EXHIBIT "A"

Being all of that certain tract designated as Tract No. 7 on that certain map entitled "Division Map for the Empie N. Sidbury Estate" prepared by Thompson Surveying Company, dated March, 1986 and recorded in the Office of the Register of Deeds of Pender County, NC in Map Book 22 at Page 85.

**U.S. ARMY CORPS OF ENGINEERS
WILMINGTON DISTRICT**

BK 2657PG200

Action Id. 200500240County: PenderU.S.G.S. Quad: Holly Ridge

NOTIFICATION OF JURISDICTIONAL DETERMINATION

Property Owner: <u>DC Lanier</u>	Agent: <u>Wayne Ragland</u>	Surveyor: <u>Thompson & Jones Surveying Co.</u>
Address: <u>Post Office Box 2190</u>	<u>120 Balsam Road</u>	<u>Post Office Box 1471</u>
<u>Surf City, NC 28445</u>	<u>Jacksonville, NC 28546</u>	<u>Burgaw, NC 28425</u>
Telephone No.: <u>(910) 347-9036</u>	<u>(910) 347-9036</u>	<u>(910) 328-1703</u>

Property description:

Size (acres)	<u>24.089 acres</u>	Nearest Town	<u>Surf City</u>
Nearest Waterway	<u>UNT of Beckys Creek</u>	River Basin	<u>Intracoastal Water Way</u>
USGS HUC	<u> </u>	Coordinates	<u>N 34.4478 W 77.5784</u>

Location description The property is located adjacent to an unnamed tributary of Beckys Creek, on the south side of Hwy 210, approximately 1 mile west of the intersection of Hwy 210 and Hwy 210/50, at the proposed Salt Water Landing Subdivision, Phase I, north of Surf City, Pender County, North Carolina.

Indicate Which of the Following Apply:

- Based on preliminary information, there may be wetlands on the above described property. We strongly suggest you have this property inspected to determine the extent of Department of the Army (DA) jurisdiction. To be considered final, a jurisdictional determination must be verified by the Corps. This preliminary determination is not an appealable action under the Regulatory Program Administrative Appeal Process (Reference 33 CFR Part 331).
- There are Navigable Waters of the United States within the above described property subject to the permit requirements of Section 10 of the Rivers and Harbors Act and Section 404 of the Clean Water Act. Unless there is a change in the law or our published regulations, this determination may be relied upon for a period not to exceed five years from the date of this notification.
- There are wetlands on the above described property subject to the permit requirements of Section 404 of the Clean Water Act (CWA)(33 USC § 1344). Unless there is a change in the law or our published regulations, this determination may be relied upon for a period not to exceed five years from the date of this notification.
 - We strongly suggest you have the wetlands on your property delineated. Due to the size of your property and/or our present workload, the Corps may not be able to accomplish this wetland delineation in a timely manner. For a more timely delineation, you may wish to obtain a consultant. To be considered final, any delineation must be verified by the Corps.
 - The wetland on your property have been delineated and the delineation has been verified by the Corps. We strongly suggest you have this delineation surveyed. Upon completion, this survey should be reviewed and verified by the Corps. Once verified, this survey will provide an accurate depiction of all areas subject to CWA jurisdiction on your property which, provided there is no change in the law or our published regulations, may be relied upon for a period not to exceed five years.
 - The wetlands have been delineated and surveyed and are accurately depicted on the plat signed by the Corps Regulatory Official identified below on December 8, 2004. Unless there is a change in the law or our published regulations, this determination may be relied upon for a period not to exceed five years from the date of this notification.
- There are no waters of the U.S., to include wetlands, present on the above described property which are subject to the permit requirements of Section 404 of the Clean Water Act (33 USC 1344). Unless there is a change in the law or our published regulations, this determination may be relied upon for a period not to exceed five years from the date of this notification.
- The property is located in one of the 20 Coastal Counties subject to regulation under the Coastal Area Management Act (CAMA). You should contact the Division of Coastal Management in Wilmington, NC at (910) 395-3900 to determine their requirements.

Action ID: 200500240

BK2657PG201

Placement of dredged or fill material within waters of the US and/or wetlands without a Department of the Army permit may constitute a violation of Section 301 of the Clean Water Act (33 USC § 1311). If you have any questions regarding this determination and/or the Corps regulatory program, please contact Lillette Granade at (910) 251-4829.

Basis For Determination: This site exhibits wetland criteria as described in the 1987 Corps Wetland Delineation Manual and is adjacent to an unnamed tributary of Beckys Creek, a tributary of the Intracoastal Water Way, a navigable water of the US. Determination is based on information provided by Wayne Ragland, a licensed soil scientist, and a field visit by Lillette Granade on November 9, 2004.

Remarks: _____

Corps Regulatory Official: Lillette Granade

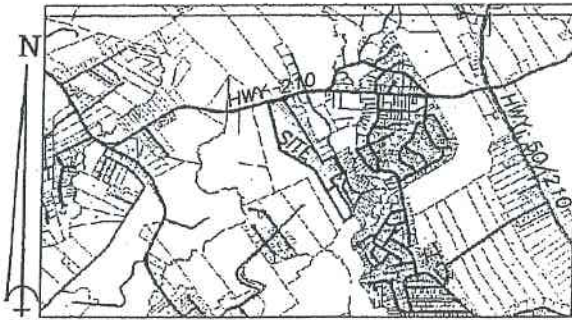
Date December 8, 2004

Expiration Date December 8, 2009

Corps Regulatory Official (Initial): mgd

FOR OFFICE USE ONLY:

- A plat or sketch of the property and the wetland data form must be attached to the file copy of this form.
- A copy of the "Notification Of Administrative Appeal Options And Process And Request For Appeal" form must be transmitted with the property owner/agent copy of this form.
- If the property contains isolated wetlands/waters, please indicate in "Remarks" section and attach the "Isolated Determination Information Sheet" to the file copy of this form.



VICINITY MAP

SURVEY REFERENCE:
 DEED BOOK 2326 AT PAGE 061
 PENDER COUNTY REGISTRY

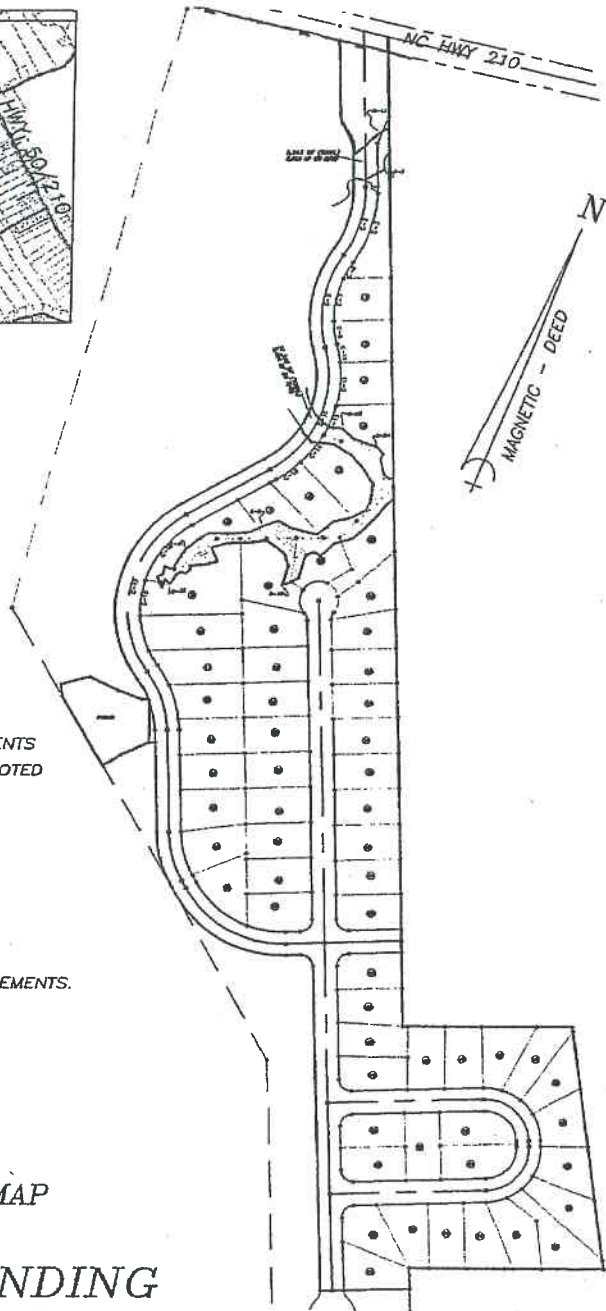
LEGEND:

- PROPOSED LOT CORNERS
- △ N&C (NAIL & CAP)
- ERRS (EXISTING RAILROAD SPIKE)
- PROPOSED C/L CONTROL MONUMENTS
- PROJECT LINE & WETLANDS AS NOTED
- - - - WETLANDS LINE NOT IN PROJECT
- - - - NON SURVEYED LINE
- PROPOSED LOT LINES

NOTES:

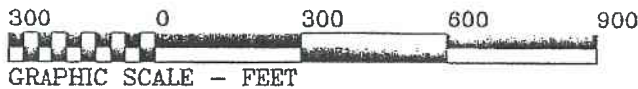
1. CORNERS ARE MARKED AS NOTED ON MAP.
2. ALL DISTANCES ARE HORIZONTAL FIELD MEASUREMENTS.
3. AREA COMPUTED BY THE COORDINATE METHOD.

"404" WETLANDS MAP
 FOR
 SALT WATER LANDING
 PHASE I



DEVELOPED BY:
D.C. LANIER
 P.O. BOX 2190
 SURF CITY, N.C. 28445
 910-328-1703

TOWN OF SURF CITY
 TOPSAIL TOWNSHIP - PENDER COUNTY - NORTH CAROLINA
 SCALE: 1" = 300' NOVEMBER 2004
 SHEET 1 OF 5

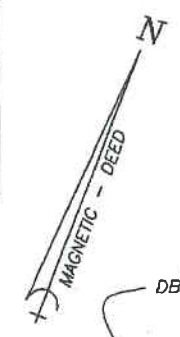


Thompson & Jones
 Surveying Company
 111 East Fremont Street
 P.O. Box 1471
 Burgaw, NC 28425
 PH: (910) 259-2954
 Fx: (910) 259-9040
 Em: jonesurveying@bellsouth.net
 Dwg. No.: PK22_LANIER

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 Em: jonessurveying@bellsouth.net
 Dwg. No.: PK22_LANIER

- "404" WETLAND AREAS**
- ① 5,263 SF TOTAL
3,613 SF IN R/W
 - ② 31,340 SF TOTAL
2,404 SF IN R/W

TOTAL WETLANDS IN PROJECT - 36,603 SF
 TOTAL WETLANDS IN PROJECT R/W - 6,017 SF
 TOTAL PROJECT AREA - 24.089 ACRES±



D.C. LANIER
DB 2326, PG 061

COURSES & DISTANCES A1-A14

Course	Bearing	Distance
A1	S 23°20'55" E	48.35'
A2	S 10°08'46" W	18.39'
A3	S 23°51'59" E	22.07'
A4	S 48°11'11" W	12.39'
A5	S 38°21'08" W	34.18'
A6	S 83°09'42" W	17.26'
A7	S 47°59'20" W	7.24'
A8	N 23°18'47" W	73.35'
A9	N 48°44'58" W	51.79'
A10	N 63°24'39" E	1.19'
A11	S 52°24'12" E	44.95'
A12	S 29°55'09" E	28.97'
A13	N 27°25'35" E	64.88'
A14	N 40°39'22" E	23.11'



5,263 SF (TOTAL)
3,613 SF (IN R/W)

BEBCKYS
CREEK ESTATES
MB 36, PG 74

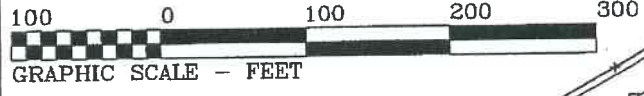
SEE SHEET 3 OF 5 FOR COURSES
& DISTANCES FOR B1-B66

SEE SHEET 4 OF 5 FOR COURSES
& DISTANCES FOR PROJECT LIMITS

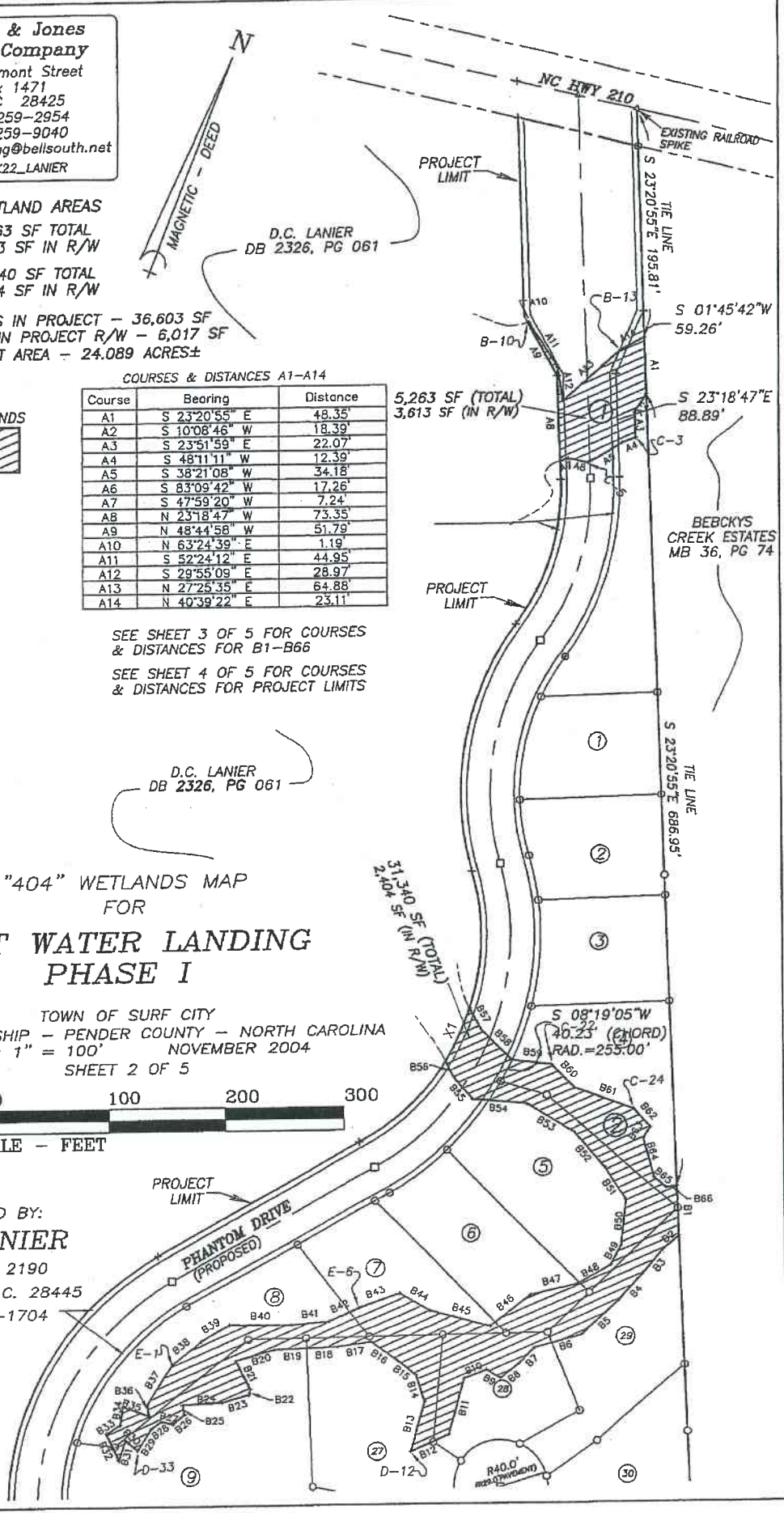
D.C. LANIER
DB 2326, PG 061

"404" WETLANDS MAP
FOR
**SALT WATER LANDING
PHASE I**

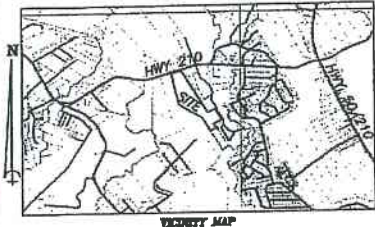
TOWN OF SURF CITY
TOPSAIL TOWNSHIP - PENDER COUNTY - NORTH CAROLINA
SCALE: 1" = 100' NOVEMBER 2004
SHEET 2 OF 5



DEVELOPED BY:
D.C. LANIER
P.O. BOX 2190
SURF CITY, N.C. 28445
910-328-1704



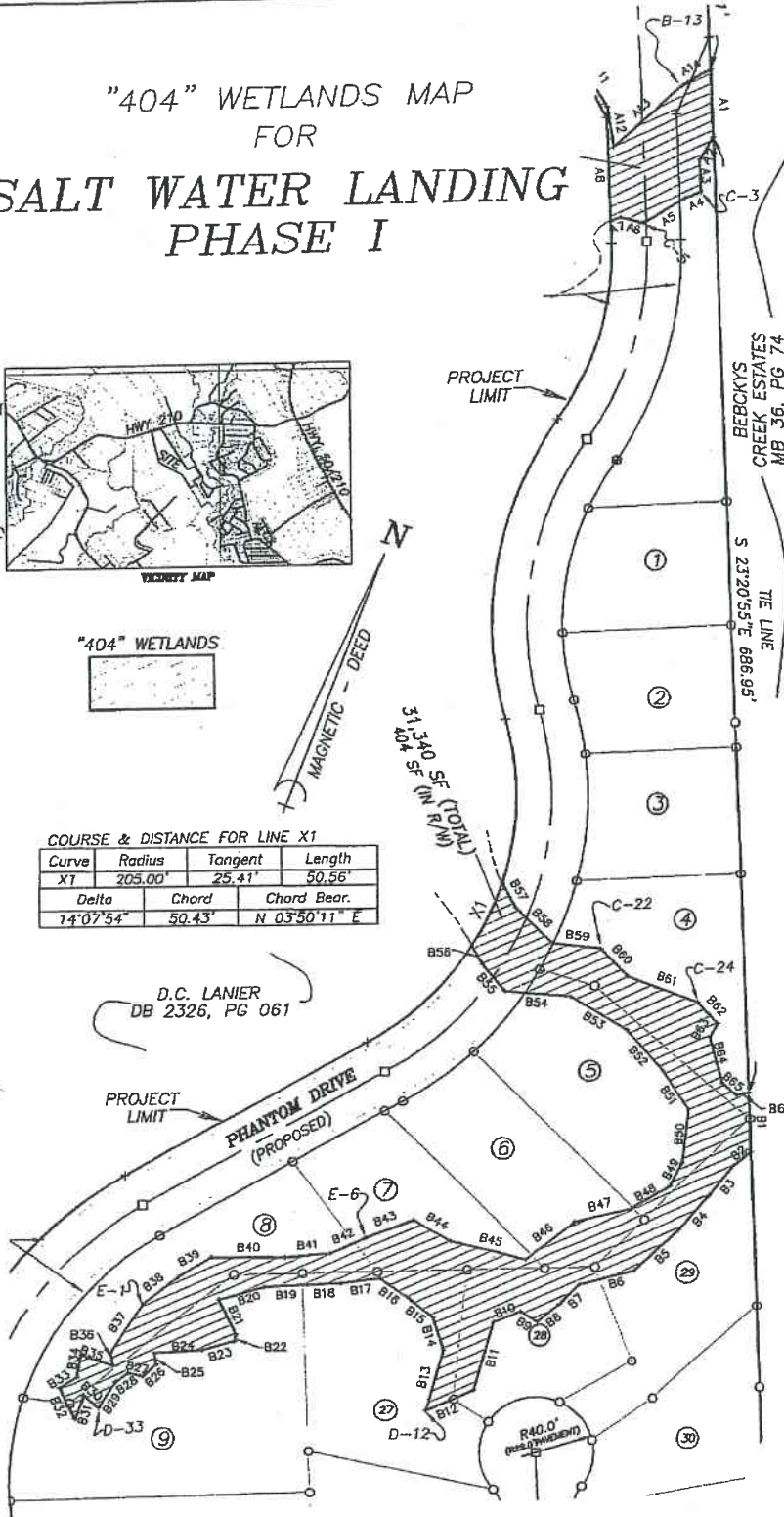
"404" WETLANDS MAP FOR SALT WATER LANDING PHASE I



COURSE & DISTANCE FOR LINE X1

Curve	Radius	Tangent	Length
X1	205.00'	25.41'	50.56'
Delta	Chord	Chord Bear.	
14°07'54"	50.43'	N 03°50'11" E	

D.C. LANIER
DB 2326, PG 061

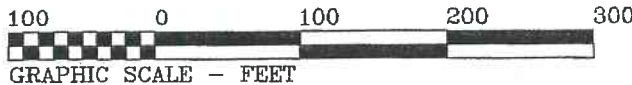


COURSES & DISTANCES B1-B66

Course	Bearing	Distance
B1	S 23°20'55" E	43.42'
B2	S 28°44'40" W	17.06'
B3	S 17°22'02" W	26.47'
B4	S 20°14'02" W	32.28'
B5	S 26°35'22" W	43.60'
B6	S 53°26'29" W	39.99'
B7	S 22°31'27" W	19.34'
B8	S 29°47'08" W	19.86'
B9	N 79°21'45" W	13.97'
B10	S 46°33'15" W	20.55'
B11	S 05°16'38" E	50.02'
B12	S 44°59'53" W	36.41'
B13	N 05°11'25" W	44.91'
B14	N 39°09'15" W	24.31'
B15	N 72°13'54" W	20.74'
B16	N 74°21'27" W	25.67'
B17	S 60°58'37" W	28.12'
B18	S 66°19'41" W	23.99'
B19	S 66°12'30" W	30.11'
B20	S 52°14'39" W	33.31'
B21	S 46°53'43" E	27.61'
B22	S 04°48'26" E	4.95'
B23	S 52°33'56" W	22.71'
B24	S 65°12'09" W	34.06'
B25	S 31°22'19" E	8.36'
B26	S 27°25'38" W	13.13'
B27	S 82°41'22" W	10.37'
B28	S 33°45'57" W	11.32'
B29	S 12°28'09" W	21.93'
B30	N 70°09'40" W	13.19'
B31	S 02°17'28" E	17.89'
B32	N 46°21'39" W	24.82'
B33	N 35°37'09" E	13.87'
B34	N 12°14'27" W	16.30'
B35	N 88°09'40" E	23.57'
B36	N 29°09'29" W	9.77'
B37	N 12°01'34" E	41.02'
B38	N 30°27'06" E	32.29'
B39	N 38°08'32" E	27.24'
B40	N 68°50'15" E	51.46'
B41	N 63°43'30" E	32.64'
B42	N 43°55'53" E	27.24'
B43	N 48°17'24" E	35.68'
B44	S 81°01'05" E	29.38'
B45	N 83°21'18" E	54.56'
B46	N 30°29'43" E	43.47'
B47	N 55°04'33" E	39.96'
B48	N 39°21'55" E	32.85'
B49	N 07°17'38" E	19.10'
B50	N 14°59'29" W	39.57'
B51	N 54°31'14" W	33.83'
B52	N 62°19'22" W	39.89'
B53	N 79°11'57" W	45.84'
B54	S 73°45'05" W	46.19'
B55	N 61°38'32" W	24.79'
B56	N 49°53'14" W	15.64'
B57	S 49°45'11" E	20.86'
B58	S 65°56'33" E	36.80'
B59	N 75°38'18" E	33.13'
B60	S 64°35'39" E	27.43'
B61	N 88°50'01" E	54.25'
B62	S 62°28'07" E	20.71'
B63	S 09°23'00" W	11.05'
B64	S 35°58'20" E	34.99'
B65	S 70°20'12" E	13.30'
B66	N 57°18'13" E	8.87'

DEVELOPED BY:
D.C. LANIER
P.O. BOX 2190
SURF CITY, N.C. 28445
910-328-1704

TOWN OF SURF CITY
TOPSAIL TOWNSHIP - PENDER COUNTY - NORTH CAROLINA
SCALE: 1" = 100'
NOVEMBER 2004
SHEET 3 OF 5



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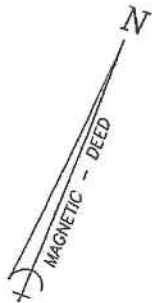
PK2657PG205

"404" WETLANDS



PROJECT LIMITS CURVE DATA

Curve	Radius	Length	Chord	Chord Bear.
C-1	205.00'	133.15'	130.82'	S 04°44'30" E
C-4	255.00'	226.20'	218.86'	S 11°32'51" E
C-9	205.00'	272.32'	252.73'	S 01°05'42" W
C-16	255.00'	426.58'	378.55'	S 08°46'25" E
C-22	205.00'	119.32'	117.64'	S 40°01'23" E
C-27	255.00'	120.77'	119.64'	S 36°54'58" E
C-30	255.00'	279.79'	265.96'	S 81°54'58" E
C-34	25.00'	39.27'	35.36'	S 68°20'55" E



D.C. LANIER
 DB 2326, PG 061

PROJECT LIMIT

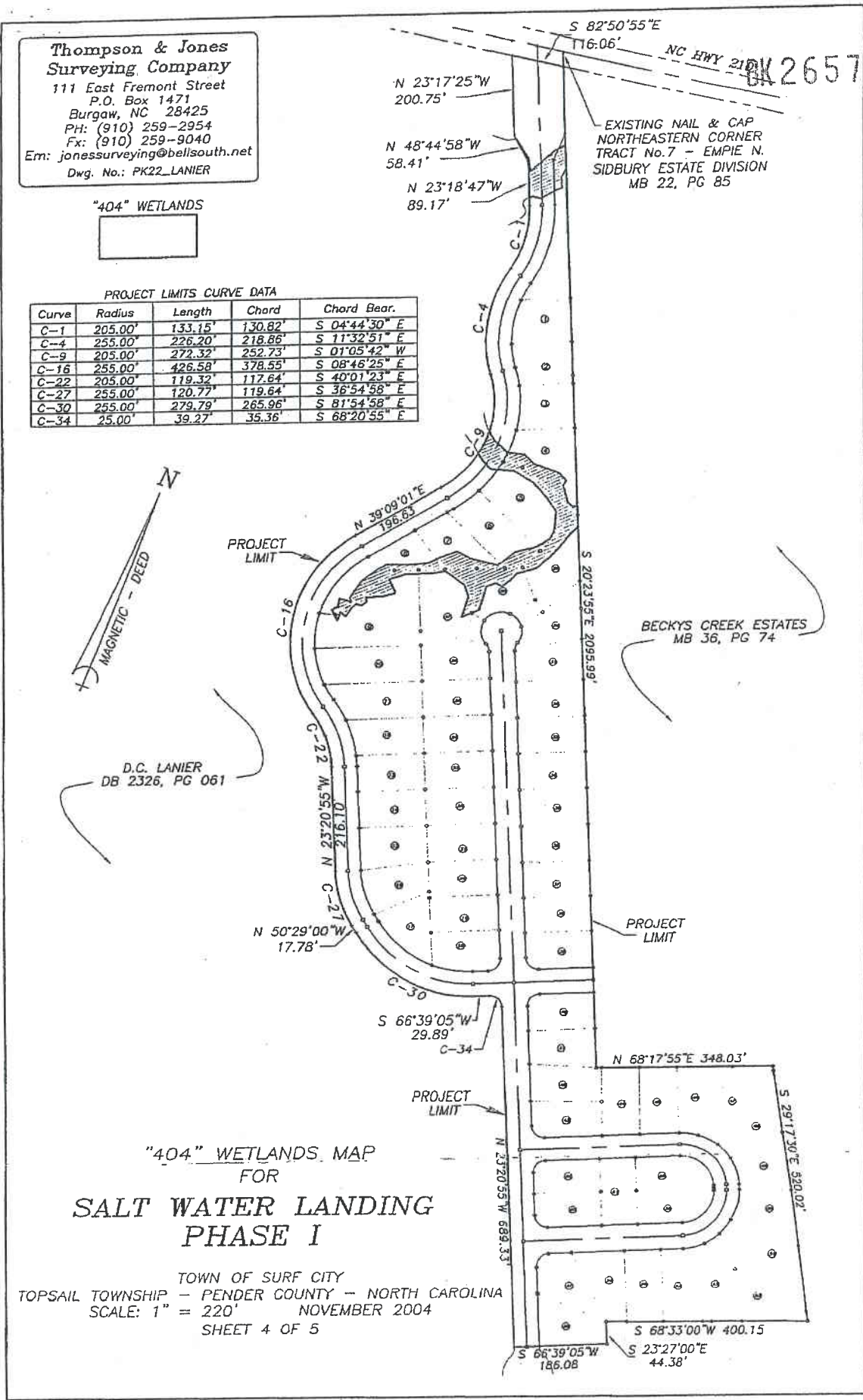
BECKYS CREEK ESTATES
 MB 36, PG 74

PROJECT LIMIT

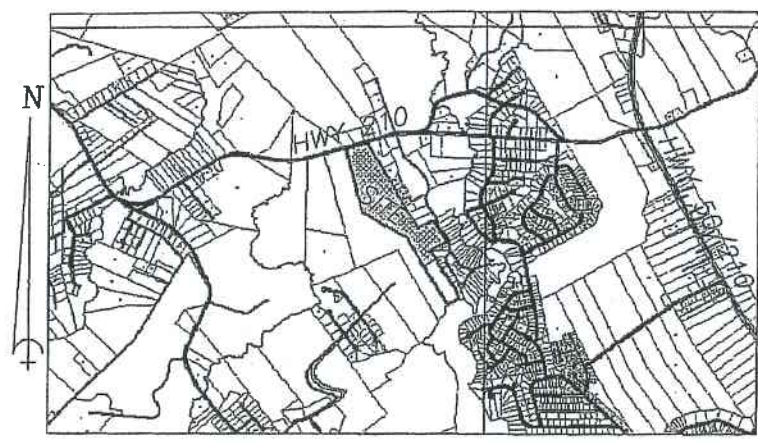
PROJECT LIMIT

"404" WETLANDS MAP
 FOR
 SALT WATER LANDING
 PHASE I

TOWN OF SURF CITY
 TOPSAIL TOWNSHIP - PENDER COUNTY - NORTH CAROLINA
 SCALE: 1" = 220' NOVEMBER 2004
 SHEET 4 OF 5



BK 2657 Pg 206



VICINITY MAP

"THIS CERTIFIES THAT THIS COPY OF THIS PLAT ACCURATELY DEPICTS THE BOUNDARY OF THE JURISDICTION OF SECTION 404 OF THE CLEAN WATER ACT AS DETERMINED BY THE UNDERSIGNED ON THIS DATE. UNLESS THERE IS A CHANGE IN THE LAW OR OUR PUBLISHED REGULATIONS THIS DETERMINATION OF SECTION 404 JURISDICTION MAY BE RELIED UPON FOR 5 YEARS. DETERMINATION WAS MADE UTILIZING THE 1987 CORPS OF ENGINEERS WETLANDS DELINEATION MANUAL."

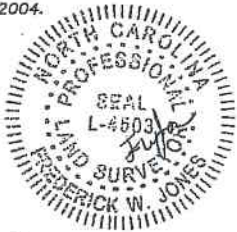
NAME W. Wayne Ragland
TITLE Regulatory Specialist
DATE December 8, 2004
AID# 2005D0240

CERTIFICATION OF SURVEY AND ACCURACY

I, Frederick W. Jones, PLS, certify that this plat was drawn under my supervision from an actual field survey made under my supervision from information as noted hereon; that the boundaries not surveyed are clearly indicated as dashed lines; that this map was prepared in accordance with "The standards of practice for land surveying in NC"; that the ratio of precision as calculated is 1:10000+ and is correct to the best of my knowledge and belief. Witness my original Signature, License Number and Seal

this 26 day of November, AD, 2004.

Frederick W. Jones
Frederick W. Jones, PLS
NC License No. L-4503



DEVELOPED BY:
D.C. LANIER
P.O. BOX 2190
SURF CITY, N.C. 28445
910-328-1703

404 WETLANDS WERE FLAGGED BY
WAYNE RAGLAND, SOIL SCIENTIST, LANDSCAPE ARCHITECT
IN JULY 2004.

B. WAYNE RAGLAND
LANDSCAPE ARCHITECT &
SOIL SCIENTIST - LIC.# 1026
120 BALSAM ROAD
JACKSONVILLE, NC 28546-8508
TELPH. (910) 347-9036

"404" WETLANDS MAP
FOR

**SALT WATER LANDING
PHASE I**

TOWN OF SURF CITY
TOPSAIL TOWNSHIP - PENDER COUNTY - NORTH CAROLINA
SCALE: 1" = 100' NOVEMBER 2004
SHEET 5 OF 5

**Thompson & Jones
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Burgaw, NC 28425
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Fx: (910) 259-9040
Em: jonesurveying@bellsouth.net
Dwg. No.: PK22_LANIER

FILED

BK 3087PG206

06 NOV -3 AM 10:43

JOYCE M. SWICEGOOD
REGISTER OF DEEDS
PENDER COUNTY, NC

Recorded and Verified
Joyce M. Swicegood
Register of Deeds
Pender County, NC



**THIRD AMENDMENT
TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
SALTWATER LANDING**

Date: October 11, 2006

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- II. Association - General Purposes, Membership and Voting**
- III. Management and Administration of Subdivision**
- IV. Easement for Landscaping Maintenance**
- V. Assessments for Common Expenses**
- VI. Special Assessments**
- VII. Lien for Assessments**
- VIII. Compliance With Association Documents**
- IX. Property Rights of Lot Owners, Cross-Easements, and Exceptions**
- X. Architectural Committee and Architectural Restrictions**
- XI. Insurance**
- XII. Restrictions on Use and Occupancy**
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- XV. Waiver**
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- XVII. Duration, Amendment and Termination**
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THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SALTWATER LANDING

THIS AMENDMENT TO MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made this 11th day of October, 2006, by the owner and developer of certain real estate in Pender County in the subdivision known as **Saltwater Landing** (hereinafter referred to as the "Property"), and being more fully particularly described in Exhibit A attached hereto, made part hereof and incorporated by reference, said Property subject to **Master Declaration of Covenants, Conditions and Restrictions (Book 2550 at Page 169, Pender County Register of Deeds)**, **First Amendment to Master Declaration of Covenants, Conditions and Restrictions (Book 2581 at Page 162, Pender County Register of Deeds)**, and **Second Amendment to Master Declaration of Covenants, Conditions and Restrictions (Book 2657 at Page 196, Pender County Register of Deeds)** (hereinafter collectively referred to as the "Covenants")

WHEREAS, the Declarant is permitted to amend the **Master Declarations** to said Covenants pursuant to §11.4 of Article 11; and WHEREAS the Declarant now desires to supplement and amend the **Master Declarations**; and WHEREAS the **Declarant intends that the provisions of this Amendment shall supplement all previous Covenants to the extent that previous Covenants are silent; and WHEREAS Declarant desires and intends that the provisions of this Amendment shall control to the extent that there is any conflict between this Amendment and any previous Covenants;**

WHEREAS the Declarant now states that all terms and provisions of the First Amendment to Master Declaration of Covenants, Conditions and Restrictions (Book 2581 at Page 162) remain in full force an effect and are not revoked or amended by this Amendment;

WHEREAS the Declarant now states that all terms and provisions of the Second Amendment to Master Declaration of Covenants, Conditions and Restrictions (Book 2657 at Page 196) remain in full force an effect and are not revoked or amended by this Amendment except to the extent that there is any conflict between this Amendment and the Second Amendment, and in such event the terms of this Amendment shall control;

WHEREAS the Declarant now subjects the Property to the following restrictions:

This **THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS OF SALTWATER LANDING** ("Declaration"), a subdivision located in Pender County, North Carolina, made and entered into as of the 11th day of October 2006, by and among Saltwater Landing, LLC, a North Carolina Limited Liability Company, whose address is 1161 Spot Lane (P.O. Box 2190), Surf City, NC 28445 ("Declarant") and **ALL PROSPECTIVE PURCHASERS OR OWNERS** of Lots as shown on all maps of Saltwater Landing recorded in the Pender County Register of Deeds office;

WITNESSETH:

WHEREAS, Declarant Saltwater Landing, LLC, a North Carolina Limited Liability Company, who is the owner of all the Lots and Declarant is the owner of all Common Areas and streets shown on the various maps of Saltwater Landing including, but not limited to, those recorded in Map Book 43, at Page 5158 in the office of the Register of Deeds of Pender County (all such maps, together with future maps, herein referred to as "the Maps");

WHEREAS, Declarant, desires to submit the Lots and Common Areas, together with the improvements thereon, to the provisions of Chapter 47F of the General Statutes of North Carolina (hereinafter sometimes referred to as the "North Carolina Planned Community Act" or the "Act"), and develop a residential community and intends by the recordation of this Declaration to impose the covenants, conditions, restrictions and easements contained herein (hereinafter sometimes called Restrictions) on the property described herein as Lots and Common Areas to the end that the Lots and Common Areas shall be held subject to the Act and said Restrictions;

WHEREAS, Saltwater Landing owns certain Lots within the Subdivision and desire to submit the Lots so owned, together with the improvements thereon, to this Declaration and the Restrictions; and,

WHEREAS, Declarant also owns in fee simple the real estate designated as Additional Property in the description attached as Exhibit B hereto, as the same may be amended by Declarant from time to time, and may hereafter elect to subject all or any portion of the Additional Property to the provisions of this Declaration pursuant to Article XIV hereof.

NOW, THEREFORE, Declarant does hereby declare that the Restrictions contained herein shall run with the Lots and Common Areas described herein; shall be a burden on and a benefit to such Lots and Common Areas; shall be binding on all parties having or acquiring any right, title, or interest in the Lots or any part thereof; and shall inure to the benefit of each Owner of any part thereof.

I.

Definitions

As used in this Declaration, the Articles, the Bylaws, and the Rules and Regulations of the Association, exhibits attached and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail:

- (1) "Additional Property" means the real property so designated on Exhibit B attached hereto which Declarant may submit to this Declarant and to the jurisdiction of the Association pursuant to Article XIV hereof.
- (2) "Articles" means the Articles of Incorporation of Saltwater Landing Homeowner's Association, Inc.
- (3) "Association" means Saltwater Landing Homeowner's Association, Inc.

(4) "Association Documents" means collectively, the Articles of Incorporation of the Association, this Declaration, the Bylaws and the Rules and Regulations, all as may be amended, modified or restated from time to time. Any exhibit, schedule or amendment to an Association Document shall be considered a part of that document.

(5) "Bylaws means the Bylaws of Saltwater Landing Homeowner's Association, Inc.

(6) "Common Areas" means all real property (including the improvements thereon), interest in real property and personal property now owned or hereafter acquired by the Association for the common use and enjoyment of all of the Owners. The Common Areas are subject to those easements and restrictions set forth in this Declaration, including but not limited to Article I hereof.

(7) "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

(8) "Declarant" means Saltwater Landing, LLC, its successors and assigns. In the event another Person acquires title to three (3) or more Lots on which no Dwelling has been constructed at the time of such acquisition, Saltwater Landing, LLC, by recorded instrument, may designate such party as an additional Declarant, and in such event, such party shall be a Declarant as specified herein as to such Lots and as to such Lots shall be entitled to the same rights as Saltwater Landing, LLC.

(9) "Declaration" means this Declaration of Saltwater Landing and any amendments hereto. This Declaration sometimes is referred to herein as the Restrictions.

(10) "Development Period" means the period ending on the earliest of (i) December 31, 2015 or (ii) the date specified by Declarant in a written notice to the Association that the Development Period is to terminate on that date.

(11) "Dwelling" means the primary residential structure located on a Lot built in accordance with the requirements of this Declaration.

(12) "Eligible Mortgage Holder" means the holder of a first deed of trust on a Lot who has requested in writing that the Association notify them of any proposed amendment to the Declaration, the Articles, or the Bylaws.

(13) "Executive Board" means the Executive Board of Saltwater Landing Homeowner's Association, Inc.

(14) "Improved Lot" means a Lot containing a Dwelling for which a certificate of occupancy (temporary, conditional or final) has been issued or upon which Landscaping has been installed.

(15) "Landscaping" means living plants, shrubs, vegetation, ground coverings (including grass or sod), and appurtenant live/growing vegetative materials together with straw, mulches and composting materials installed upon a Lot.

PK 200878210
(16) "Lot" means those separately numbered and designated parcels shown on any of the Maps and on any other Maps of the Additional Property brought within the Subdivision.

(17) "Owner" means the record Owners, whether one or more Persons, of a fee or undivided fee interest in a Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(18) "Permit" shall mean the North Carolina State Stormwater Management Permit Number SW8 041031 and any amendments, additions or replacements thereof, or any such permit obtained by Declarant and relating to the Additional Property.

(19) "Stormwater Management Facilities" or "Stormwater Management Facility" as those terms are used herein shall mean all areas consisting of ditches, swales, stormwater retention ponds and any other improvement located in the Subdivision constructed pursuant to the Permit.

(20) "Subdivision" means all of the property defined herein as Lots and Common Areas, and includes all or any portion of the Additional Property submitted to this Declaration by Declarant.

(21) "Unimproved Lot" means any Lot other than an Improved Lot.

(22) Any capitalized word not defined herein, unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall, as used herein, have the meaning as set forth in N.C.S. 47F-1-103.

II.

Association – General Purposes, Membership and Voting

(1) An association named Saltwater Landing Homeowner's Association, Inc. has been or will be formed under the direction of Declarant pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Common Areas and facilities located upon the Common Areas, specifically including, but not limited to, the Subdivision entrance signs, street lights, Stormwater Management Facilities, drainage pipes and drainage outlets, streets (until accepted for maintenance by a governmental entity) and other improvements and amenities in the Subdivision owned by the Association; to maintain Landscaping installed on the Lots as provided herein; to enforce the Restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupancy of Lots and Common Areas. In addition to the foregoing, the Association has as its purposes the acceptance of the transfer of the Permit from Declarant and to take all actions and pay all fees required to affect such transfer of the Permit, and thereafter to oversee, inspect, manage and, when necessary, repair and replace all Stormwater Management Facilities located within the Common Area or on individually owned Lots.

(2) To fulfill the general purposes of the Association as set forth herein and in the other Association Documents, together with those purposes set forth in the Act, the

Association shall have all the powers set forth in the Association Documents, the Act and the North Carolina Nonprofit Corporation Act.

(3) Declarant, by this Declaration and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Association: (a) that each is a member of the Association; (b) that for so long as each is an Owner, each will perform all acts necessary to remain in good and current standing as a member of the Association; and (c) that each shall be subject to the rules and regulations of the Association with regard to ownership of a Lot.

(4) Each membership in the Association shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot.

(5) The Association shall have two (2) classes of members:

Class A – The Class A member(s) shall be all Owners with the exception of any Owners who qualify as Class B members, and they shall be entitled to one vote for each Lot owned; provided, however, when more than one Person holds an interest in any Lot, all such Persons shall hold the membership with regard to such Lot in undivided interests. The vote of such multiple Owners of a Lot shall be exercised as they, among themselves, shall determine, but in no event shall any fractional vote be counted or more than one vote be cast with respect to any Lot.

Class B – The Class B member(s) shall be Declarant. Class B members shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the occurrence of either of the following events, whichever first occurs: (i) December 31, 2015 or (ii) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership.

III.

Management and Administration of Subdivision

The Association shall be fully responsible for the maintenance, management and operation of the Common Areas, Subdivision entrance signs, street lights, Stormwater Management Facilities, drainage pipes and drainage outlets, roads (until accepted for maintenance by a governmental entity) and other improvements and amenities in the Subdivision owned by the Association. Pursuant to and subject to the provisions contained herein but only to the extent specifically provided herein, the Association shall be responsible for the maintenance of Landscaping installed on the Lots as provided herein. The management shall be carried out in or contracted to managers or management services. Provided, however, any contract entered into by the Association prior to the termination of the Class B membership shall contain a provision allowing the Association to terminate the contract without cause and without penalty or extra charge, at any time after the termination of the Class B membership upon ninety (90) days advance notice.

IV.

Easement for Landscaping Maintenance

(1) Declarant hereby reserves unto itself, its successors and assigns, a temporary, alienable and releasable easement and right over, across and upon the front of each Lot, being that portion between the right of way of the street abutting said Lot extending towards the rear of the Lot to the plane representing the front portion of the Dwelling on said Lot, for Landscaping to be performed at such times and at such levels of quality as Declarant in its sole discretion shall determine. The easement herein reserved shall be for a period not to exceed five (5) years commencing upon the date of the recordation of this Declaration in the office of the Register of Deeds of Pender County. Until the easement herein reserved terminates, or Declarant releases said easement, the Owner of the Lot shall make no changes to the Landscaping or related improvements without the prior written consent of Declarant.

(2) Upon the termination or release of the easement for Landscaping described above by Declarant, the Association may elect to enter into contracts to maintain the Landscaping. Except as may be approved by the Board from time to time, the Landscaping maintenance to be performed by the Association shall be limited to cutting the grass, edging planted beds adjoining the grass and to trimming shrubs and trees on a schedule to be determined by the Board, together with fertilizing or providing nutrients to the grass, trees and shrubs as the Board may determine.

(3) The Owner shall be responsible for the maintenance, repair and replacement of all Landscaping installed on the Lot except as specifically to be performed by the Declarant or the Association as specifically set forth in Sections (1) and (2). Additionally, and notwithstanding the provisions of Section (2) above, any Landscaping installed or existing within areas located on such Owner's Lot enclosed by a fence, fencing material, wall or other aboveground barrier shall be maintained, repaired and replaced by the Owner, whether such Landscaping is part of the Landscaping shown on the plans approved by the Committee as part of the original improvement of the Lot or otherwise.

V.

Assessments for Common Expenses

(1) Assessments:

(a) Each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to agree to pay to the Association assessments as hereinafter provided. The assessments, together with interest, costs and Reasonable Attorneys' Fees, subject to the provisions of Section (7) of this Article, shall be a continuing lien upon the Lot against which each such assessment is made. Furthermore, each assessment, together with interest, costs, and Reasonable Attorneys' Fees, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due. The Personal obligation for assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent assessments shall continue to be a lien upon such Lot. Assessments shall commence as to each Lot upon the delivery of the deed to the Person owning the Lot.

(b) Subject to the limitations set forth herein upon the Declarant's obligation to pay assessments, the Executive Board shall establish and set the assessment for each Lot for each fiscal year and may provide that such assessments shall be payable installments during the fiscal year, which installment shall be no less frequent than quarterly.

The initial assessment for each Lot is Six Hundred and Sixty and No/100 Dollars (\$660.00) per year. This amount may be changed by the Declarant or by the Association pursuant to the provisions of this Declaration.

(c) Declarant shall not be obligated to pay any assessments as would otherwise be payable for each Unimproved Lot owned by the Declarant.

(d) For purposes of assessments to be determined, levied and paid pursuant to this Article or otherwise in the Association Documents, and notwithstanding the provision for recombination of Lots in Article XII(1), each Lot shown on the Maps recorded in Pender County Register of Deeds Office and each Lot shown on the Maps of the Additional Property recorded by Declarant in the Pender County Register of Deeds Office shall be considered one Lot. The number of Lots in the Subdivision shown on the Maps originally recorded by Declarant shall not be reduced for purposes of determining, levying and paying assessments. The obligation and liability for payment of assessments levied against each Lot and the Owners thereof resulting from the recombination of previously existing Lots shall be as such Owners may determine pursuant to the written agreement of such Owners delivered to the Association as required in Article XII(1).

(2) Annual Budget:

(a) As provided in the Bylaws and subject to the restrictions and limitations provided herein, the Executive Board shall establish an Annual Budget in advance for each fiscal year. Such Budget shall project all Common Expenses for the forthcoming fiscal year, including a reasonable allowance for contingencies and reserves. The budget shall take into account the maintenance obligations as set forth above and any projected or anticipated income. The Executive Board shall keep separate, in accordance with subparagraph (c) of this Section (2), items relating to the daily operation, management and maintenance of the Association and Common Areas from items relating to capital improvements. Upon adoption of such Annual Budget by the Executive Board, copies of said budget shall be delivered to each Owner and the assessment for said year shall be established, subject to the restrictions and limitations provided herein, based upon such budget; however, the non-delivery of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment. The Annual Budget shall be ratified by the Owners as provided in the Bylaws. Should the Executive Board at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the Common Expenses of the Association during such fiscal year, or in the event of emergencies, the Executive Board shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

(b) The Executive Board, in establishing the Annual Budget, shall designate therein a sum to be collected and maintained as a reserve fund (the Capital Improvement Fund) for the periodic maintenance, repair and replacement of capital improvements to the Common Areas and Landscaping on the Lots. The amount to be allocated to the Capital Improvement Fund may be established by the Executive Board so as to collect and maintain a sum reasonably necessary to anticipate the need for repair, maintenance and replacement of capital improvements to the Common Areas and to maintain, repair and replace Landscaping on the Lots as provided herein. The Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only for periodic maintenance, repair and replacement of capital improvements to the Common Areas and to maintain, repair and replace Landscaping on the Lots as provided

herein. Any interest earned on monies in the Capital Improvement Fund shall not be expended for daily operation, management and maintenance of the Association and Common Areas.

(c) All monies collected by the Association shall be treated as the separate property of the Association and such monies may be applied by the Association to the payment of any expense of operating and managing the Association, or the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws, except that monies placed in the Capital Improvement Fund shall be used only for the specified purposes of said account. As monies for assessments are paid into the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners for the same purposes. Although all funds, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Areas, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When the Owner of a Lot shall cease to be a member of the Association by reason of his divestment of ownership of such Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, including any monies which such Owner may have paid to the Association, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Association.

(3) Except as herein provided, assessments for Improved Lots shall be fixed at a uniform rate, and assessments for Unimproved Lots shall be fixed at a uniform rate.

(4) The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment shall bear interest at such rate as may be determined by the Executive Board, from time to time, until paid in full. The Executive Board may establish procedures to collect delinquent assessments, together with penalties, interest and other charges as permitted by the Act; and, in accordance with such procedures, may declare the payment of any future installments of the assessment to be accelerated and the entire assessment due and payable immediately.

(5) The assessments levied by the Association shall be used exclusively to pay Common Expenses and to promote the recreation, health, safety and welfare of the Owners and the improvement and maintenance of the Common Areas and Lots as provided herein.

(6) 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

(7) The lien of the assessments provided for herein shall be subordinate to the lien of any first lien deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first lien deed of trust or any proceeding in line thereof, shall extinguish the lien (but not the personal obligation of the Person who was the Owner of the Lot at the time when the

assessment fell due) of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

(8) In order to establish a working capital fund, upon the conveyance of a Lot to any Owner other than any Declarant identified in Article I(8) in this Declaration or otherwise specified by recorded instrument as provided in Article I(8), each such Owner shall contribute at closing an amount equal to one-sixth (1/6) of the assessment levied for the current year against such Lot, said sum to be paid to the Association. Said sum is not an advance payment of regular assessments, but shall be utilized to establish the working capital fund.

VI.

Special Assessments

(1) Special assessments may be levied against Lots for such reasons as are provided in the Association Documents, and on such terms as provided by the Executive Board. Furthermore, special assessments may be assessed against a specific Lot to pay for the cost of curing a violation of the Association Documents and as may otherwise be provided for in the Act. No special assessments shall be levied upon any Lot owned by Declarant unless Declarant consents. Special assessments, together with interest, costs and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which each such special assessment is made. Furthermore, each such special assessment, together with interest, court costs, and reasonable attorneys' fees, shall be the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent special assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent special assessments shall continue to be a lien upon such Lot. It is provided, however, that no special assessments shall be levied upon a Lot until a Dwelling on such Lot either has been constructed and occupied or constructed and sold unless Declarant consents to such special assessments.

(2) The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the special assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of special assessments on a Lot is binding upon the Association as of the date of its issuance.

VII.

Lien for Assessments

Any assessment, together with interest at the rate specified herein, costs of collection, court costs, and reasonable attorneys' fees, shall constitute a lien against the Lot upon which such assessment is levied. If such assessment is not paid within thirty (30) days after the date of such assessment is due the Association may record notice of the same in the Office of the Clerk of Superior Court of Pender County and thereafter proceed to collect such delinquent assessments and charges in accordance with the assessment collection policy established from time to time by the Executive Board. Action to collect delinquent assessments may include, but not be limited to, filing a Notice of Lis Pendens, bringing an

action at law against the Owner personally obligated to pay the same and/or bringing an action to foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein.

VIII.

Compliance With Association Documents

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

- (1) The Association or an aggrieved Owner on his behalf shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.
- (2) The Association, in addition to any other rights set forth in the Association Documents, is authorized and shall have the right to: (a) enter any portion of the Subdivision or a Lot on which, or as to which, a violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions of the Association Documents, and the Executive Board, its agents or employees, shall not thereby be deemed guilty in any manner of trespass; and (b) to use self-help to remove or cure any violation of the Association Documents within the Subdivision. Such actions undertaken by the Association shall be upon compliance with the Notice and Hearing procedures contained in this Declaration. However, notwithstanding any other provisions in the Declaration to the contrary, the Association, acting through its Executive Board may enforce any provision and regulations of the Association Documents by self-help specifically including, but not limited to, violations and defaults which create a health hazard, a dangerous or emergency situation, the towing of vehicles that are in violation of parking rules and regulations and removing of signs, mail boxes and other items of similar size which are in violation of the Association Documents without complying with the Notice and Hearing procedures through a civil action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such civil action or lawsuit, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs incurred by the Association, including reasonable attorneys' fees actually incurred, if the court finds for the Association.
- (3) The Executive Board shall not impose a fine or penalty, undertake permitted remedial action, suspend voting or infringe upon other rights of an Owner or other occupant of a Lot for violations of the Declaration, the Bylaws or the Association's rules and regulations without compliance with the Notice and Hearing procedures contained in this Declaration.
- (4) The remedies provided by this Article are cumulative and are in addition to any other remedies provided in the Association Documents, by law and the Act.
- (5) The failure of the Association or any Person to enforce any provision of the Association Documents shall not be deemed a waiver of the right to enforce such provisions thereafter as to the same violation or subsequent violation of similar character.

IX.

Property Rights of Lot Owners,Cross-Easements and Exceptions

(1) Every Owner of a Lot as an appurtenance to such Lot shall have a non-exclusive perpetual easement over and upon the Common Areas for each and every purpose or use for which such Common Areas were intended as determined by their type or for which such Common Areas generally are used, subject to the limitations and provisions contained herein. Such easements and rights shall be appurtenant to and shall pass with the title to every Lot, whether or not specifically included in a deed thereto, subject to the restrictions and limitations contained herein, including but not limited to, the following provisions:

(a) The Association shall have the right to make reasonable rules and regulations respecting the use of same, and exercise any powers granted by the Act and the North Carolina Nonprofit Corporation Act.

(b) The Association shall have the right, upon compliance with the Notice and Hearing Procedures contained in this Declaration, to suspend the rights of an Owner to utilize the Common Areas and the improvements thereon during any period in which any assessments against such Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any other violation of the Association Documents.

(2) Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family, his tenants, and guests.

(3) Easements for the installation and maintenance of utilities and drainage facilities as shown on the Maps are hereby reserved and retained by Declarant, together with the right to grant similar easement rights to other persons. No structure, fence, planting, Landscaping or other material which may interfere with the installation and maintenance of utilities, which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements may be placed in the easement areas without prior approval by the Committee. Structures, fences, Landscaping and other materials which have been approved by the Committee may be placed in the easement areas. The Committee may deny placement of structures, fences, Landscaping or other materials in the easement areas if it determines they would adversely affect the drainage or utilities of the Subdivision.

(4) Each Owner, as an appurtenance to his Lot, shall have and is hereby conveyed a perpetual, non-exclusive right of way and easement for the purposes of ingress, egress and regress to and from his Lot over, through and across the streets and roads shown on the Maps.

(5) An easement is granted to the Association, its employees and designees, to make any reasonable entry onto any Lot without notice to the Owner thereof in the event of any emergency.

X.

Architectural Committee and Architectural Restrictions

(1) There hereby is constituted Saltwater Landing Architectural Committee ("Committee") to be appointed, and replaced, and to possess the qualifications and powers as specified herein. The Committee shall consist of one (1) individual to be appointed by Declarant until Declarant releases its right, in writing, to make such appointment who shall serve until he resigns or is replaced by Declarant, which Declarant reserves the right to do. Declarant shall have the sole right to replace said member unless Declarant has released that right to appoint the member of the Committee. The right of Declarant to appoint, remove and replace the Committee shall expire upon termination of the Development Period without any further action or consent of Declarant, at which time the Executive Board shall thereafter have the right to appoint, remove and replace members of the Committee. Thereafter, the Committee shall be subject to such procedures and regulations as may be approved, amended, restated or modified from time to time at the direction of the Executive Board.

(2) Before any Lot clearing, grading, or removal of trees, or before any structure, fence, building, wall, walkway, mailbox, paper box, sign, trash can holder, or any improvement, replacement or addition to any of same shall be commenced, erected, or maintained upon any Lot, or upon any Common Areas and before any alteration (including painting) of the exterior portion of any structure located upon the Lots or the Common Areas and before any alteration of the surface of any Lot or area appurtenant to any Lot including, but not limited to installation of Landscaping, in the Subdivision shall be commenced (except as shall be undertaken by the Declarant or the Association itself), the Person desiring to make such changes or erections shall submit and have approved by the Committee plans and specifications detailing the changes and erections, which plans and specifications shall include Landscaping. The plans and specifications must show the structure, kind, shape, height, color material and location of the changes or erections. Applications to the Committee shall include two (2) complete sets of the final plans and specifications for any and all proposed improvements and other information requested by the Committee on its application forms and shall be (a) hand delivered to the current president of the Association, or (b) mailed certified or registered with return receipt requested to the registered office of the Association and marked to the attention of the Committee.

(3) The Committee shall make its decision approving or disapproving the plans by taking into consideration the nature of the Subdivision, the aesthetics of the proposed changes or alterations, the harmony of the proposed change or erection with the architectural style of neighboring buildings (including the Dwelling on a Lot in the case of approval sought for permitted outbuilding appurtenant to the Dwelling), durability of construction, relative costs, and protection of the investment of the Owners of other Lots in the Subdivision. Submission of incomplete or inaccurate plans and specifications shall result in disapproval. One set of plans and specifications with the approval or disapproval of the Committee shall be returned to the party submitting them and the other copy shall be retained by the Committee for its permanent files.

(4) A majority vote of the Committee shall be required to take any action. If the Committee fails either to approve or disapprove any plans so submitted within thirty (30) days of receipt by the chair of the Committee, the plans will be deemed approved. The Committee does not have to hold formal meetings. Any action or decision of the Committee may be appealed to the Executive Board by the Person submitting such request to the Committee or any other party deemed by the Executive Board to have standing as an aggrieved party. The Executive Board may modify or reverse any such action or decision of the Committee or may grant reasonable variances of the requirements of this Article as

generally permitted in Article XVI. Any appeal to the Executive Board shall be in writing and delivered to the President of the Executive Board in the manner provided for delivery of notices set forth in Article XXIII within ten (10) days following the decision by the Committee.

(5) Neither the Executive Board, the Committee nor any agent of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions or any structural or other defect in any work done according to such plans and specifications.

(6) The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is complete, and any subsequent purchaser thereof is in no way affected by the failure of his predecessors in title to comply with the terms hereof.

(7) Subject to approval of the Executive Board, the Committee may establish (a) such procedures and requirements for submittal and review of plans and specifications as it deems appropriate from time to time the review of plans and inspections which are not inconsistent with Sections (2), (3) and (4) above, (b) times during which construction may take place upon Lots or within Dwellings and (c) fees and costs associated with the review of plans and the conduct of inspections.

(8) All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of illumination shall be clear, white or non-frost lights or bulbs. There shall be no yellow or colored lighting, including but not limited to bug repellent lighting and frosted light bulbs.

(9) The exterior of all dwellings, yards, landscaping, irrigation and other structures must be complete within twelve (12) months after the construction of same shall have commenced. In the event that such improvements on any lot is not completed within one year, and it is determined by the Declarant, its successors and assigns, or if the Declarant so designates, by the Architectural Review Committee, that construction progress has diminished to such an extent that completion of the dwelling, outbuildings, or other improvements is unlikely within 120 days, the Association, will be advised of this determination. The Association shall then have the right to give notice to the Owner that the Owner has the obligation, within 30 days, to complete the removal of all the construction work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that it is restored to its natural grade level, and the Association shall have the right to undertake this work upon Owner's failure to do so and charge the cost to the Owner and place a lien upon the lot upon the Owner's failure to pay these charges. During period of construction, the general contractor shall be allowed a sign of a design and substance approved by the Declarant, its successors or assigns, or if the Declarant so designates, by the Architectural Review Committee, but no sub-contractor signs shall be permitted. The size and appearance of all contractor signs shall be approved by the Declarant or the Association. Declarant shall also have the right to allow certain selected "Preferred" or "Approved" Builders to have larger more elaborate signs, the location, size dimension and colors of which must be approved by Declarant, in its sole and absolute discretion.

(10) All service utilities, garbage receptacles, fuel tanks, and heating ventilation and air conditioning units are to be enclosed within a wall or plant screen of a type

and size approved by the Architectural Review Committee, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the Planned Community. All mail and newspaper boxes shall be uniform in design within each type development within the Planned Community. Design for mail and newspaper boxes shall be furnished by the Architectural Review Committee. Fences shall be permitted on any Lot; provided, however, that the design, placement, and materials of any fence are approved by the Architectural Review Committee. Clothes lines are not permitted on any Lot.

(11) Off street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot which parking areas and the driveways thereto shall be constructed of concrete, brick, asphalt, or turf stone, or any other material approved by the Architectural Review Committee. Garages must be included as part of any plans submitted to the Architectural Review Committee. As with all other provisions, this restriction may be amended for future phases.

(12) If the Architectural Review Board requires grass on a particular Lot, then such requirement shall be accomplished by sodding such area.

(13) Construction activity on a Lot shall be confined within the boundaries of said Lot. Each Lot Owner shall have the obligation to repair damage to Common Elements or other property and to collect and dispose of all rubbish and trash resulting from the construction on his Lot. Upon a Lot Owner's failure to repair such damage within thirty (30) days or to collect and dispose of such trash within fourteen (14) days after receipt of a written notice from the Association, the Association may repair the damage or collect and dispose of such rubbish and trash at the Lot Owner's expense. Any expense incurred by the Association in repair or clean-up of the Lot shall be billed to the Owner of the Lot and if not paid within thirty (30) days, the amount thereof shall become a lien against the Lot which shall be enforceable pursuant to the provisions of this Declaration as is the case for delinquent assessments.

(13) The Association shall be entitled to collect a Construction deposit of One Thousand Five Hundred and No/100 Dollars (\$1,500.00) and an Architectural Review Fee of Two Hundred and No/100 Dollars (\$250.00) from any Owner who desires to construct a home on his or her Lot. These Construction Deposit and Architectural Review Fee amounts may be adjusted by the Declarant during the Declarant Control Period and thereafter by the Board in any amount in its sole discretion.

(14) More than one lot may be combined to form one or more lots by (or with the written consent of) Declarant, its successors and assigns. If a Person other than Declarant combines two Lots into one Lot, and elects to notify the Association to treat the combined Lots as one Lot it may do so but by doing so, the Owner waives any right or ability to thereafter have the Lots divided back into two Lots as before and the Association is entitled to demand a proper filing be made with the Pender County Registry showing that the Lots shall thereafter be treated as a single Lot. If the Owner does not make such an election and make such a filing, then the two Lots shall continue to be treated as two Lots by the Association despite their being owned by one Owner. No Lot may be subdivided by sale or otherwise, except by written consent of Declarant, its successors and assigns. Upon combination or subdivision of Lots, the building line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side and front Lot

lines of such Lot as combined or subdivided. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building site shall be used to compute the setback lines as set forth herein.

(15) All connection of private driveways to the Saltwater Landing road system shall be constructed by the Lot Owner, and maintained by the Lot Owner, in accordance with the rules regulations and specifications of the Committee. However, in order to insure emergency vehicle access to all lots, all driveways which connect residences or other structures that are more than fifty (50) feet from the subdivision road must be at least eleven (11) feet in width, with a clearance of no less than eleven (11) feet in height.

(16) The exterior materials used in the construction of a house shall be subject to Architectural Review Board approval. The Architectural Review Board shall establish general guidelines for acceptable construction materials and may alter and revise the same at their discretion.

(17) As of the date these Declarations are being prepared, because of unavailability of certain services such as high speed internet and because of potential cost savings to the Lot Owners and other reasons, the Declarant is investigating the propriety of having an integrated wiring system installed in the Planned Community for the Lots to receive cable, high speed internet, telephone and/or security systems from a third-party service provider. As is set forth in this Declaration and in the By-Laws, the Association may contract with such third-party service provider to install fiber optic lines in easement areas and to supply such cable, internet, telephone and/or security system services to all Lots and the cost of same shall be collected from Lot Owners through assessments or otherwise, regardless of whether the services are actually used by the Owners. If this contract is consummated, then the Architectural Review Board is required to reject any plan that fails to include structural wiring for telephone, data and video and security system wiring. Wiring specifications shall be developed by the third-party service providers and will be made available to all Owners and the Architectural Review Board. Further, in the event this contract is entered into, all owners will be required to comply with any terms therein. By purchasing a Lot in the Planned Development, all Owners agree and consent that any violation of such terms shall be subject to immediate enforcement action by the Declarant and/or the Association and agree that immediate and irreparable harm can and will occur to the Declarant, the Association and all Owners if such terms are violated and thus agree that Temporary Restraining Order, Preliminary Injunctions and Permanent Injunctions shall be granted by the Court to avoid the same and require specific performance to ensure compliance with such contractual terms and attorney's fees and all costs of enforcing such contractual terms shall be awarded to the Declarant and/or the Association.

(18) Except for trees located within ten feet of an approved "house foot print," no trees on any Lot 6 inches in diameter or greater may be removed without the approval of the Architectural Review Committee.

(19) Each Lot Owner must install an irrigation system on each lot to effectuate an agreement with the Town of Surf City. All costs, installation and maintenance of said irrigation system shall be the responsibility of the Lot Owner and not Declarant. Said irrigation system must be approved by the Committee and shall be installed and operational at the time of issuance of certificate of occupancy by the County.

(20) All Landscaping shall be completed no later than six (6) months after the completion of construction, which shall be determined by the date of the issuance of the certificate of occupancy by the County.

(21) Final grading shall be contoured to prevent any standing water and to prevent any run off onto adjacent properties and shall be directed to the nearest swale, ditch and/or culvert. Swales in the front property line shall not exceed a ratio of more than 3 feet horizontal to one foot vertical (3:1). Where swale and ditches are used for road drainage, a culvert of no less than twelve inches in diameter shall be installed. At the sides of the lot and between houses, a common swale shall be created using the side property line as the center of the swale.

XI.

Insurance

(1) The Association shall purchase and maintain, to the extent reasonably available, hazard insurance against loss or damage by fire and similar perils for all improvements and fixtures owned by the Association located on Common Areas, including personal property of the Association. The insurance, if reasonably available, shall cover at least ninety percent (90%) of the current replacement costs of the improvements and fixtures, after application of any deductibles, as determined by the Association with the assistance of the insurance company providing coverage or consultant selected by the Executive Board. Coverage may exclude land, foundations, excavations, or other items that are usually excluded from insurance coverage. The insurance policy shall require that the insurer notify the Association in writing at least sixty (60) days prior to any substantial change in coverage or cancellation. The insurance policy shall also contain clauses providing for waiver of subrogation.

(2) If the property of the Association is located within a special flood hazard area, the Association may purchase and maintain flood insurance in amounts it deems necessary. Any such policy shall require the insurer to notify the Association in writing at least sixty (60) days prior to cancellation or any substantial change in the coverage.

(3) The Association shall purchase and maintain at all times a comprehensive general liability insurance policy covering all Common Areas and any other areas that are under its supervision. The liability insurance shall insure against liability to the public or to Owners, their tenants, guests or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Common Areas, and any part thereof, and any other areas under the Association's supervision. Such insurance policy shall, if reasonably available, contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners. Limits of liability shall be at least One Million Dollars (\$1,000,000) covering all claims for bodily injury and/or property damage arising out of a single occurrence. Coverage under this policy shall include, if available and economically feasible, legal liability arising out of losses related to employment contracts of the Association. The policy shall require the insurer to notify the Association in writing at least ten (10) days before the insurer cancels or substantially changes the coverage. The general liability insurance to be purchased pursuant to this subsection shall include Directors and Officer Liability Insurance in an amount not less than One Million Dollars (\$1,000,000), or, if

such coverage cannot be obtained within said policy, a separate policy providing such coverage and in such amount shall be purchased by the Association.

(4) Fidelity bonds or insurance coverage against dishonest acts on the part of such persons (including by way of illustration and not limitation, Association members, officers, directors, managers, agents, employees and volunteers) handling or responsible for funds belonging to or administered by the Association may be maintained by the Association if deemed necessary. In the event the Association has delegated some or all of the responsibility for handling of funds to a management agent, such bonds or insurance coverage may include officers, employees and agents of such management agent. Any such fidelity bond or insurance shall name the Association as the named insured. Any such policy shall contain a provision providing that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association and all Eligible Mortgage Holders.

(5) If the insurance described in Section (1) and (3) above is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States Mail to all Lot Owners.

(6) Each Owner shall be responsible for obtaining and shall pay the cost of any hazard insurance against fire and similar perils including flood on such Owner's Dwelling, personal property, fixtures and appliances. Each Owner's hazard insurance policy shall name the Association as a loss payee. Each Owner shall be responsible for purchasing and maintaining liability insurance covering his Lot and Dwelling.

(7) If any Dwelling located on a Lot is destroyed by fire or other casualty, all rubbish and debris shall be removed with promptness after such fire or other casualty. In no event shall debris or rubbish remain on a Lot longer than two (2) months or sixty (60) days after such fire or other casualty. Provided, however, no such removal or demolition shall be required if prohibited by court order or if a legal or insurance investigation concerning such fire or casualty is ongoing.

(8) The deductible, if any, of any insurance policy purchased by the Executive Board shall be a Common Expense; provided, however, that the Association may, pursuant to Article VI hereof, assess as a special assessment any deductible amount necessitated and arising from the act, misuse or neglect of an Owner or such Owner's tenant, household, guests, employees, agents, and invitees.

XII.

Restrictions on Use and Occupancy

(1) The division or any recombination of Lots shown on plats of the Subdivision recorded by the Declarant in the Pender County Register of Deeds is permitted provided that the Person(s) requesting a division or recombination shall make a written request therefore to the Executive Board, as hereinafter provided, and the Executive Board determines that the following requirements are met and conditions fully satisfied:

(a) The Person(s) submitting the application shall be Owners of the Lots to be divided or recombined.

(b) The proposed division or recombination of Lots shall not increase the number of Lots (i.e., Lots or portions of Lots are combined with other Lots or portions of other Lots to form a new Lot).

(c) A surveyor registered to conduct land surveys in the State of North Carolina shall have prepared a map or plat meeting all requirements for the recording thereof in the Pender County Register of Deeds depicting the division or recombination of Lots.

(d) The Executive Board shall have received fully executed copies of the deed(s) or other instruments(s) of conveyance affecting the division or recombination of the Lots.

(e) The Owners shall have submitted to the Executive Board an executed copy of the agreement between such Owners of the divided or recombined Lots, in form so as to be recordable in the Pender County Register of Deeds, establishing the liability as between said Owners for the purpose of establishing the obligation and liability for payment of assessments levied against the Owners resulting from the recombination or division of the previously existing Lot(s).

Applications to the Executive Board shall include two (2) complete sets of the documents set forth above and shall be (a) hand delivered to the current President of the Association or (b) mailed certified or registered with return receipt requested to the registered office of the Association and marked to the attention of the President of the Executive Board.

Any Lot which is created by the combination of one or more Lots or portions thereof shall be considered only one Lot under these Restrictions notwithstanding the fact that it may contain more than one Lot, except for purposes relating to assessments as set forth in Article V(1)(d). Any drainage or utility easement which runs along the side lot lines of a Lot automatically shall be relocated to the new side lot lines of any new or resultant Lot. If the drainage or utility easement is already in use, the Owner combining the Lots shall pay for the relocation of such drainage or utility easements and the lines and pipes using such and any replacement and re-location of Landscaping.

(2) All Lots shall be used for single family residential purposes only and no dwelling shall be erected on any Lot other than one detached single family dwelling not to exceed two and one-half stories in height (which shall include pilings for houses with foundations not directly on the ground), and a one, two, or three car garage. No permitted garage shall be utilized for living quarters. No trailer, tent, mobile home, or other structure of a temporary character shall be placed on any Lot. All buildings shall be of fiber cement siding, cedar siding or brick. Any other materials must be approved by Declarant.

(3) Setbacks: All improvements to all Lots must comply with Pender County setback requirements for a development of this type. The establishment of inflexible building setback lines for location of houses on Lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any Lot shall be controlled by and must be approved absolutely by the Architectural Review Committee; provided, however, that no structure shall be constructed closer to a Lot line than is permitted by applicable

governmental regulations. Further, absent extraordinary circumstances set forth below, the Architectural Review Committee shall approve no plans unless the following minimum setback requirements are met:

Front yard:	25 feet from Lot line
Side yard (not situated on a Road):	10 feet from Lot line
Rear yard and Side yard on Road:	20 feet from Lot line

Setbacks for Lots in all other phases or annexed properties shall be set by Declarant in its sole discretion. It is possible that future phases may have Villa Lots or townhomes, which could have less setbacks than those set forth above.

The Architectural Review Committee shall have the right to approve deviations from each of these setback requirements upon application of an individual lot owner if, for reasons of topography or septic approvals, strict compliance creates a hardship if such approval does not violate the applicable governmental regulations or approvals. If required by Pender County, each plot plan must receive zoning approval prior to the commencement of any construction.

(4) No dwelling erected on any Lot shown on the Maps shall have less than 1800 square feet of enclosed dwelling area. The term "enclosed dwelling area" as used herein shall be the total finished/heated area within the dwelling; provided, however, that such term does not include garages, terraces, decks, porches and other unheated areas. The Declarant, as provided above, shall be entitled to amend this Declaration to establish different square footage minimums for any Additional Property annexed to the Planned Community for the types of homes that could be included in these future phases, including Villa Lots or townhomes.

(5) No Lot shall be re-subdivided in such a manner as to create a re-subdivided Lot or a portion of a Lot having less than 20,000 square feet. Nothing herein shall prevent a redivision which shall increase the square footage of a Lot used for the erection of a detached single family dwelling as hereinbefore defined. Any subdivision or recombination must be approved by the Declarant of the Executive Board.

(6) No commercial trade or activity, or any noxious trade or activity whatsoever, shall be carried on upon any Lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to other Lot Owners. Unsightly, inoperative junk cars and like eyesores cannot be maintained on any Lot either prior to or after a dwelling has been erected on said Lot or on any Street located in the Subdivision and any such automobiles may be removed by the Declarant or the Corporation at the Lot Owner's expense.

(7) There shall not be placed or used on any Lot any of the following structures: trailer, mobile home (including a multiple-wide mobile home), tent, shack, garage apartment, barn, any other out building or any such structure of a permanent or temporary character.

(8) All buildings, structures and their appurtenances located on a Lot shall be maintained in a suitable state of repair, and in the event of destruction by fire or other

casualty, the Lot is to be cleared and debris removed within sixty (60) days from the date of such casualty.

(9) No animals, other than domesticated dogs, cats or other household pets, may be kept or housed on any Lot. No dogs, cats or other household pets may be kept, bred or maintained for any commercial purposes, nor may they be kept in such numbers or of such nature as to be or become a nuisance to adjoining Lot Owners or any residents of the Subdivision. Any housing or shelter constructed for said domesticated dogs or cats shall be screened with fencing (or otherwise) that shall be approved by Declarant or the Committee. Animals, when not housed, shall be on a leash at all times.

(10) No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such materials may not be kept on any Lot, except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. Upon completion of construction of a dwelling, and as a part of the construction, the Owner of said Lot thereof shall generally landscape the Lot so as to be in keeping with the yards of the Owner's neighbors. The front yard areas of all Lots shall be generally smoothed and sodded at all street fronts and all Stormwater Management Facilities, as hereinafter defined, located on a Lot shall be maintained by the Owner of such Lot in compliance with North Carolina State Stormwater Management Permit Number **SW8 041031** and any amendments, additions or replacements thereof, or any such permit obtained by Declarant and relating to property annexed into the Subdivision by Declarant as provided herein. There shall be no mass clearing or stripping of trees from any Lot without the prior written consent of the Declarant or the Committee.

(11) No fence shall be erected on any Lot nearer the front property or lot line than the rear corners of the dwelling erected on said Lot, and all fences types, materials, and locations shall be approved by the Committee. No fence or structure of any kind shall be placed within utility and drainage easements shown on the Maps or upon any Stormwater Management Facility except as permitted by the Permit.

(12) No boat, motor boat, camper, trailer, school bus, motor home, mobile home, truck rated over one (1) ton, or other vehicle similar to any of the same shall be permitted to remain on any Lot, or in any parking space on or adjacent to any Lot, unless prior written consent for the same is obtained from the Declarant or the Committee, or unless the same is properly stored in an enclosed area such that no part of such vehicle is visible to anyone from the Streets located in the Subdivision.

(13) Any and all erosion from a Lot occurring as the result of any construction on said Lot must be stabilized and controlled as described hereinabove within thirty (30) days of the occupancy of said dwelling by the Owner of the Lot or as required by any applicable law, regulation, rule or ordinance.

(14) Intentionally Omitted.

(15) In the event the Owner of a Lot shall damage or through negligent failure to act allow damage to occur to any drainage or utility easement or Stormwater Management Facilities located in the Subdivision, the Owner of said Lot shall be responsible and liable for the repair or replacement of said drainage or utility easement or the Stormwater Management Facilities as provided in these Restrictions. From and after the time the Permit is transferred to the Corporation, Declarant shall have no responsibility for maintaining any

drainage easements or Stormwater Management Facilities in the Subdivision except drainage easements or Stormwater Management Facilities located on Lots owned by Declarant. Within the drainage and utility easements set forth in these Restrictions or shown on the Maps, no structure, fencing, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities or which may change the direction or flow of drainage channels in the easements or violate the provisions of the Permit.

(16) It shall be the obligation of the Owner of any Lot in the Subdivision to provide, install and maintain an adequate culvert or drain pipe beneath any driveway located on said Lot as said driveway crosses the ditch or swale line at the front of the Lot in order that the natural flow of drainage will not be at any time blocked along the street. The culvert or drainage pipe must be of sufficient size to accommodate the flow of surface water in the ditch line. In no instance shall said drainage pipe be less than 15 inches in diameter. This pipe shall be installed prior to the construction of any dwelling on a Lot. The foregoing provisions of this Paragraph (16) notwithstanding, all such culverts or drain pipes shall comply with the Permit.

(17) Motor vehicles without current and valid licenses and inspections shall not be permitted to remain on any Lot or any Streets within the Subdivision. Motor vehicles utilized for commercial purposes shall not be permitted upon any Lot or upon the Streets within the Subdivision except during the construction of residential dwellings upon the Lots and for the delivery of goods and services to the residential dwellings located upon the Lots.

(18) All signs must be approved by the Declarant or HOA. It is the developer's intent to limit signage to one builder/contractor sign, site number/identification sign and the marketing company sign per lot. No tree signs or subcontractor's signs of any type will be allowed. Construction signs are not to exceed 16 sq. ft per acre or 32 sq ft, whichever is less. Real Estate "for sale" signs and marketing signs must have 2 x 2 posts with a maximum sign width and height of 2 feet but not to exceed 3.5 sq ft. All signs must be professional quality with vinyl or sandblasted lettering. No sign erected shall be unpainted. All wood components including posts must be painted. All signs must comply with the Surf City Town Ordinance and any other relevant ordinances.

Subdivision signs advertising the sale of lots or homes within new subdivisions on which they are located are permitted, provided that no more than one sign shall be located at each major entrance to the subdivision.

(19) No yard statuary or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Architectural Review Committee; provided, however, satellite dishes not over 18" in diameter which cannot be seen from the street are permitted. If a contract with a third-party service provider prohibits the use of satellite dishes or outside antennas, then the same shall be prohibited.

(20) No Person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

(21) Except as provided herein for Declarant and for Builders, no signs (including "For Sale" or "For Rent" signs) shall be permitted on any Lot or in the Common Elements. Again, Declarant shall be allowed to erect and maintain whatever signs it desires, at its sole and absolute discretion, including signs on Common Elements. Prior to the expiration of the Declarant Control Period, Declarant shall have the authority to establish sign rules and regulations that will be permitted after the end of the Declarant Control Period. For example, Declarant may establish a standard "For Sale" sign that will be allowed to be displayed after the expiration of the Declarant Control Period.

(22) Leases. No rental or lease of any Lot or any residence shall be permitted without the express written permission of Declarant or the Association.

XIII.

Special Declarant Rights

In addition to rights elsewhere reserved by Declarant in this Declaration, the Articles and the Bylaws, Declarant hereby reserves those Special Declarant Rights as defined in the Act together with the following:

(1) Declarant reserves the right to subject the Lots to a contract with any public utility or municipality for electricity and lighting to the Lots, including the installation of underground electric cables, which contract may require an initial payment and/or continuing monthly payments to such public utility or municipality by the Owner of each Lot. Such expense, including both initial and continuing monthly payments, shall be an individual cost to be borne by each individual Lot Owner and is not a Common Expense paid through assessments.

(2) Declarant hereby retains and reserves for itself, together with the right to grant similar easements to other Persons, perpetual non-exclusive general access and utility easements over, upon and under the streets, roads, utility lines, Common Areas, and drainage and utility easements existing in the Subdivision and/or shown on the Maps. Such easements are non-exclusive and are for the purpose of providing utilities and access to property in the Subdivision area. Said easements shall run to the benefit of all parties and property to whom Declarant grants similar easements. Reference to access easements throughout this Declaration shall be interpreted to include perpetual non-exclusive general access and utility easements for ingress, egress, regress, access and the maintenance and installation of utilities.

(3) Declarant retains and reserves a perpetual easement over and under the Streets in the Subdivision for the purpose of installing, maintaining, and repairing power lines, light poles, light fixtures and other apparatus necessary for a street light system for the Subdivision.

(4) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual easement over and under the Streets in the Subdivision for the purpose of installing, maintaining, and repairing water and sewer lines to service property in the Subdivision area.

(5) Declarant reserves for itself and its successors and assigns the easements depicted on the Maps for the installation and maintenance of Landscaping during the Development Period.

(6) The right to appoint the Committee as set forth in Article X(1) of this Declaration.

(7) The Declarant and Association reserves the right to subject the real property 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 company or Association by the owner of any Lot. If the monetary obligation is required of the Association, then the same shall be a Common Expense.

(8) Declarant may transfer all or any portion of the Special Declarant Rights created or reserved hereunder to any Person pursuant to the provisions of the Act.

(9) Declarant shall have the right to require all purchasers of Lots to complete construction within a certain designated time period. At the time of the publishing of this Amendment, Declarant intends to condition the sale of all Lots on purchasers completing construction within one (1) year from the date of purchase (which shall be determined by the date of recording of the deed of conveyance to original purchaser from Declarant). The purpose of this provision is to promote growth and development and to ensure that the development of the Property is not unreasonably hindered. As such, this provision is a material condition on which all prices, terms, and features of the Property are expressly conditioned. Declarant may enforce this provision by any means permissible under the law, including but not limited to, requiring purchasers to execute and record Rights of First Refusal or Options to Purchase that will allow Declarant (or its assigns) to purchase any lot or property on which construction is not complete (which shall be determined by issuance of a certificate of occupancy from the County) within the designated or agreed upon time period or which violates the terms of this provision.

XIV.

Development of the Subdivision

(1) Declarant hereby reserves an option to expand the Subdivision from time to time without the consent of any Owner or Eligible Mortgagee by submitting all or any portion of the Additional Property to the provision of this Declaration and the jurisdiction of the Association. The option to incorporate Additional Property into the Subdivision shall continue to the end of the Development Period and may be terminated only upon the recordation by Declarant of an instrument relinquishing such option. When submitting any portion of the Additional Property to the provisions of this Declaration and the jurisdiction of the Association, Declarant reserves the right unilaterally to record additional amendments to the Declaration subjecting any Lot on such portion of the Additional Property to such additional covenants, restrictions and conditions as may be necessary, in the discretion of Declarant, to reflect the different characteristics of the development of such portions of the

Additional Property as are not inconsistent with the overall scheme of the Declaration; provided, however, that Declarant shall not have such right over a specific Lot after the conveyance of such Lot to an Owner other than Declarant.

(2) Declarant may unilaterally amend the description of the Additional Property set forth in Exhibit B and the Maps of the Additional Property. All easements, rights of ways and other rights granted to Declarant in this Declaration shall specifically apply to the development of Additional Property.

(3) Declarant shall record in the office of the Register of Deeds of Pender County one or more amendments to the Declaration submitting such portion of the Additional Property described therein to this Declaration and to the jurisdiction of the Association. Each amendment shall include a legally sufficient description of the real estate added and each of the Maps shall designate such real estate with the term "Section" or "Phase" followed by a unique identifier so as to differentiate between each Section or "Phase" of the Subdivision. Any such amendment may contain such additions, modifications or other changes to the provisions in this Declaration as may be necessary, in the discretion of Declarant, to reflect the different character of the Additional Property added thereby and as are not inconsistent with the overall scheme of this Declaration; provided, however, that such additions shall not apply to any real estate previously submitted to this Declaration. When recording an amendment adding all or portions of the Additional Property to the Subdivision, appropriate Maps shall be recorded showing such Additional Property being submitted, describing any real estate being conveyed to the Association as Common Areas and showing any new Lots.

XV.

Waiver

No provision contained in Association Documents shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any Person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

XVI.

Variations

The Executive Board in its discretion may allow reasonable variations and adjustments in the restrictions contained herein 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 Subdivision of Lots owned in fee by various Persons with each such Owner having an easement upon areas owned by the Association. No variance or adjustment will be permitted if such would be materially detrimental or injurious to the welfare of the other property and improvements in the Subdivision as determined by the Executive Board.

XVII.

Duration, Amendment and Termination

(1) The Restrictions contained in this Declaration shall run with and bind the Lots and Common Areas until April 1, 2026, after which time they shall automatically be extended for successive periods of ten (10) years. This Declaration may be amended in full or part by an affirmative vote or written agreement signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated; provided, that no amendment shall: (a) alter any obligation to pay ad valorem taxes on the Common Areas; (b) alter any obligation to pay assessments for street lighting as herein provided or affect any lien for the payment of same; (c) modify any provision contained herein which specifically requires the consent of another party to modify such provision unless the required consent of such other party has been obtained; or (d) modify the rights or add to the obligations of the Declarant unless the Declarant executes the instrument.

To be effective any amendment must be recorded in the Pender County Register of Deeds office.

(2) Until the termination of the Class B membership, Declarant may unilaterally amend this Declaration for any purpose; however, any such amendment shall not adversely affect the title to any Lot unless the Owner thereof shall consent in writing.

(3) Invalidation of any of these Restrictions by judgment or court order shall in no way affect any other provision of these Restrictions which shall remain in full force and effect.

(4) This Declaration and Saltwater Landing planned community may be terminated only by written agreement signed by Owners of Lots to which at least eighty percent (80%) of the votes in the Association are allocated. Any such termination shall be in accordance with the provisions of N.C. Gen. Stat. § 47F-2-118.

(5) The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Planned Community and the Lots. All present and future Owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of 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 Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners.

XVIII.

Common Areas: Private

(1) All Common Areas and any facility thereon are private. Neither the Declarant's execution of this Declaration nor recording of the Map nor any other act of the Declarant with respect to the property is or is intended to be or shall be construed as a dedication to the public of any of the Common Areas. An easement for the use and

enjoyment of each of the areas designated as Common Areas is reserved by the Declarant, its successors and assigns.

(2) All Common Areas shall be owned by the Association and shall be accepted by the Association free and clear of all liens and encumbrances except pro rata ad valorem real property taxes for the year of conveyance, reasonable drainage and utility easements, the easement rights specified herein, including but not limited to, easement rights retained by Declarant herein, all government laws and regulations, and this Declaration.

XIX.

Acceptance

(1) The grantee of any Lot subject to these Restrictions, by acceptance of a deed conveying title thereto, or by the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such Lot, shall accept such deed or contract upon and subject to each and all of these Restrictions herein contained and also the jurisdiction, rights and powers of Declarant and the Association, and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with Declarant and the Association and to and with the grantees and subsequent owners of each of the Lots to keep, observe, and comply with the Association Documents.

(2) Each such grantee also agrees, by such acceptance, to assume, as against Declarant, its successor and assigns, all of the risks and hazards of ownership or occupancy attendant to such Lot, including but not limited to its proximity to any Common Element or recreational facility.

XX.

Hearing Procedure

Except as may be otherwise specifically authorized by this Declaration or the Bylaws, the Executive Board shall not impose a fine or penalty, undertake permitted remedial action, suspend voting or infringe upon other rights of a member or other occupant for violations of the Declaration, the Bylaws, or the Association's rules and regulations, or 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 unless and until the following procedure is followed:

(1) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(2) Notice. At any time within twelve (12) months following such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with a written notice of a hearing to be held by the Covenants Committee if such committee is appointed, and if not the Executive Board of the Association in executive

session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which shall not be less than ten (10) days from the giving of the notice; (iii) an invitation to attend the meeting and produce any statement, evidence and witness on his or her behalf; and (iv) the proposed sanction to be imposed. The notice prescribed herein may be served by mailing a copy of said notice to the alleged violator by placing said notice in the United States mail, postage prepaid, by any method as permitted for the service of summons as set forth in Rule 4 of the North Carolina Rules of Civil Procedure or by the delivery of said notice by an officer, director or agent of the Association to the alleged violator or to any person who may be served on the alleged violator's behalf as provided in said Rule 4.

(3) Hearing. The hearing shall be held in executive session of the Covenants Committee, if such committee is appointed, or if not, the Executive Board of the Association pursuant to the notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. In addition, a written statement of the results of the hearing and the sanction, if any imposed shall be mailed by United States mail, postage prepaid, by the Association to the violator.

(4) Appeal. Following a hearing before the Covenants Committee of the Association, if such committee is appointed, the violator shall have the right to appeal the decision to the Executive Board. To perfect this right, a written notice of appeal must be received by the managing agent of the Association, President or Secretary of the Association within thirty (30) days following the hearing date, said written notice to contain information by which the Executive Board may notify the alleged violator of the date of the appeal hearing. If no Covenants Committee is appointed by the Executive Board, no right of appeal shall exist.

(5) Sanction as Assessment. Pursuant to the provisions of this Section a fine may be imposed by the Association in an amount not exceeding One Hundred Fifty and No/100 Dollars (\$150.00) (or as may be provided otherwise by law) per violation of the Declaration, the Bylaws, and the Association's rules and regulations and without further hearing, for each day after the decision to impose such fine that the violation occurs. Any such fine shall be an assessment as set forth in North Carolina General Statutes §47F-3-107(d). If it is decided pursuant to the provisions of this Section that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

XXI.

Captions

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations

herein imposed. Throughout this Declaration, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

XXII.

Notice

All notices provided for or permitted pursuant to these Restrictions shall be in writing and, except as is herein expressly otherwise provided, notice shall be deemed sufficient and service thereof completed upon transmittal by facsimile, hand-delivery or receipt, refusal or non-delivery of same when mailed postage prepaid to the party to or upon whom notice is being given or served at the address of such party last reflected on the records of the Association.

XXIII.

Liberal Construction

The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a Planned Community of fee simple ownership of Lots with Common Areas governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an owners' association with each Owner entitled to and burdened with various rights and easements.

XXIV.

Joinder

Branch Banking and Trust Company joins in the execution of this Declaration to consent to the terms of the same pursuant to the deed of trust on the property to BB&T Collateral Service Corporation, Trustee securing a maximum principal indebtedness of \$3,000,000.00, said deed of trust being recorded in Book 2739 at Page 087 in the office of the Register of Deeds of Pender County.

XXV.

Stormwater Permit/Facilities

(1) Stormwater Permit. The Association and each of its Members agree that at anytime after (i) all work required under the Stormwater Permit has been completed (other than operation and maintenance activities), and (ii) the Developer is not prohibited under DENR regulations from transferring the Stormwater Permit for the Planned Community to the Association, the Association's officers without any vote or approval of Lot Owners, and within 10 days after being requested to do so, will sign all documents required by DENR for the Stormwater Permit to be transferred to the Association; provided, however, that at the time the Developer requests that the Association accept transfer of the Stormwater Permit, the Developer has delivered to the Association a certificate from an engineer licensed in the State of North Carolina, dated no more than 45 days before the date of the request, that

all stormwater retention ponds, swales and related facilities are constructed in accordance with the plans and specifications therefore. If the Association fails to sign the documents required by this paragraph, the Developer shall be entitled to specific performance in the courts of North Carolina requiring that the appropriate Association officers sign all documents necessary for the Stormwater Permit to be transferred to the Association. Failure of the officers to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the stormwater facilities covered by the Stormwater Permit.

(2) Stormwater Facilities Operation and Maintenance. Any stormwater retention ponds and related facilities for the Planned community which have or are to be constructed by or on behalf of Declarant constitute Common Elements and, subject only to the provisions of Section 3 of this Article (damage by Declarant), the Association, at its sole cost and expense, is responsible for the operation and maintenance of such facilities. Such Operation and Maintenance shall include, but not be limited to, compliance with all of the terms and obtaining any renewals of the Stormwater Permit. Except as provided in Section 3 of this Article, the Association shall indemnify and hold harmless the Developer from any obligations and costs under the Stormwater Permit for operation and maintenance of the stormwater retention ponds and related facilities.

(3) Damage to Storm Water Facilities. The Declarant shall at its sole cost and expense be responsible for repairing any damage to storm water facilities which Declarant determines is caused by the Developer's development activities. The Developer shall not be responsible for damages to stormwater retention ponds and related facilities caused by another other cause whatsoever, including but not limited to construction of residences or other activities by Owners, their agents and contractors, upon their Lots, acts of God, and the negligence of others. Lot Owners shall be responsible for damages to such stormwater facilities caused by construction of buildings or other activities upon the Owner's Lot. Each Owner, shall within 30 days after receipt of notice of damage to stormwater facilities, repair the damage at the Owner's sole cost and expense to return them to the state required by the stormwater plans and specifications for the Planned Community. If the Lot Owner fails to do so within said 30-day period, the Association shall perform the work and the cost of the work shall be added to the Annual Assessment due from the Lot Owner.

(4) Enforcement Of Storm Water Runoff Regulations. The following covenants are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8 041031 as issued by the Division of Water Quality under NCAC 2H.1000.

- (a) The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit.
- (b) These covenants are to run with the land and be binding on all persons and parties claiming under them.
- (c) The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina, Division of Water Quality.

- (d) Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.
- (e) The maximum allowable built-upon area per Lot is listed in the attached Exhibit C. (this data is for Lots shown on the above-referenced plat plus lots for which the Declarant has an approved stormwater plan but which Declarant is under no obligation to subdivide or develop in any particular fashion or for any particular use). These allotted amounts include any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina and parking areas, but does not include raised, open wood decking, or the water surface of swimming pools. Declarant reserves the right to recalculate the maximum allowable built-upon areas if required by applicable regulations.
- (f) Built-upon area in excess of the permitted amount will require a permit modification.
- (g) Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development except for average driveway crossing, is strictly prohibited by any persons.
- (h) Each Lot will maintain a 30' wide vegetated buffer between impervious areas and surface waters.
- (i) All roof drains shall terminate at least 30' from the mean high water mark of surface waters.

XXVI

Mitigation and Clean Water Act Compliance

(1) The areas shown on the recorded plats, including but not limited to that map recorded in Map Book 43 at Page 57,58 of the Pender County Registry, as conservation areas shall be maintained in perpetuity in their natural or mitigated condition. No person or entity shall perform any of the following activities on such conservation area:

- (a) fill, grade, excavate or perform any other land disturbing activities;
- (b) cut, mow, burn, remove, or harm any vegetation;
- (c) construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers, or any other permanent or temporary structures;
- (d) drain or otherwise disrupt or alter the hydrology of drainage ways of the conservation area;

- (e) dump or store soil, trash, or other waste;
- (f) graze or water animals, or use for any agricultural or horticultural purpose.

This covenant is intended to ensure continued compliance with the mitigation condition of a Clean Water Act authorization issued by the United States of America, US Army Corps of Engineers, Wilmington District, Action ID, and therefore may be enforced by the United States of America. This covenant is to run with the land, and shall be binding on the Owner, and all parties claiming under it. The provisions of this paragraph cannot be amended without the express written consent of the U.S. Army Corps of Engineers, Wilmington District.

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IN TESTIMONY WHEREOF, the parties have caused this instrument to be executed in such form as to be binding, all by authority duly given, this the day and year first above written.

Saltwater Landing, LLC,
a North Carolina Limited Liability Company

BY: David C. Lanier (SEAL)
David C. Lanier: Manager

STATE OF NORTH CAROLINA

COUNTY OF Onslow

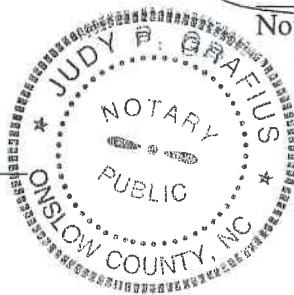
This 12 day of Oct., 2006, personally came before me Judy P. Grafius, Notary Public of Onslow County, State of North Carolina, who, being by me duly sworn, says that he/she is a Member Manager of Saltwater Landing, LLC, a North Carolina limited liability company, and that said writing was signed and sealed by him/her in behalf of said partnership by its authority duly given. And the said Member Manager acknowledged the said writing to be the act and deed of said Limited Liability Company.

Witness my hand and official stamp or seal this 12 day of Oct., 2006.

Judy P. Grafius
Notary Public

My commission expires:

7-22-11



BK3087PG240

Branch Banking and Trust Company

BY: William C. Gladstone (SEAL)

WILLIAM C. GLADSTONE, VICE PRESIDENT
Name- Title

STATE OF NORTH CAROLINA

COUNTY OF New Hanover

This 11 day of October, 2006, personally came before me William C. Gladstone, Notary Public of New Hanover County, State of North Carolina, who, being by me duly sworn, says that he/she is a Vice President of **Branch Banking and Trust Company**, a North Carolina banking corporation, and that said writing was signed and sealed by him/her in behalf of said corporation by its authority duly given. And said officer acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and official stamp or seal this 11 day of October, 2006.

Pamela Stump
Notary Public

My commission expires:

3-4-2007

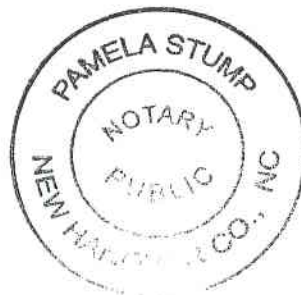


Exhibit A

(Legal Description)

BEING all of that certain tract designated as Tract 7 on that certain map entitled "Division Map for the Empie N. Sidbury Estate" prepared by Thompson Surveying Company, dated March, 1986 and recorded in the Office of the Register of Deeds of Pender County, NC in Map Book 22 at Page 85.

Exhibit B
(Description of Additional Property)

All those tracts or parcels of land lying and being situated in Pender County, North Carolina, and being more particularly described as follows:

- (1) Tract 8 as shown on that certain map entitled , "Division Map for the Empie N. Sidbury Estate" prepared by Thompson Surveying Company, dated March 1986, and recorded in the Office of the Register of Deeds of Pender County, NC in Map Book 22 at Page 85, and being the same property deeded to Declarant in an instrument recorded in Deed Book 2739 at Page 085;
- (2) Tract #3 of the Z.R. Thompson Estate lands as shown in Map Book 4 at Page 55 of the Pender County Registry, and also being described in an instrument recorded in Book 1895 at Page 96 of said Registry.

Exhibit C

(Maximum Square Feet of Built Upon Area)

State Stormwater Management Systems
Permit No. SW8 041031 Modification

(Max BUA = maximum square feet of built-upon area)

Lot #	Max BUA	Lot #	Max BUA
1	3150	36	3150
2	3150	37	3150
3	3150	38	3150
4	3350	39	3225
5	3350	40	3225
6	3225	41	3225
7	3150	42	3500
8	3350	43	3500
9	3500	44	3500
10	3350	45	3500
11	3225	46	3225
12	3150	47	3500
13	3150	48	3350
14	3150	49	3350
15	3150	50	3350
16	3150	51	3350
17	3150	52	3225
18	3150	53	3225
19	3150	54	3225
20	3150	55	3225
21	3150	56	3225
22	3150	57	3350
23	3150	58	3350
24	3150	59	3150
25	3150	60	3225
26	3150	61	3225
27	3350	62	3350
28	3150	63	3225
29	3350	64	3150
30	3150	65	3225
31	3150	66	3225
32	3150	67	3225
33	3150	68	3225
34	3150	69	3225
35	3150	70	3225