



The Currituck Club

The Currituck Club Planned Unit Development Corolla, Currituck County, NC

Sections Include:

- 1. Architectural Guidelines**
- 2. Compilation of Declaration of Covenants, Conditions and Restrictions as amended***
- 3. Supplemental Declaration for “The Hammocks” as amended***
- 4. Compilation of Bylaws of The Currituck Club Property Owners Assoc., Inc. as amended***
- 5. Builder Referral Disclosure**

INDEX OF CORE DOCUMENTS

Original Declaration of Covenants, Conditions and Restrictions

<u>Book</u>	<u>Page</u>
377	281 (Phases 1 and 2, Lots 1-186)
381	468

Supplements adding Property to The Currituck Club:

<u>Book</u>	<u>Page</u>
412	378 (Phase 3, Lots 187-262)
416	807 (Amended Phase 2, Lots 167-186)
501	148 (Phase 4, Lots 263-309)
542	23 (Phase 5A - The Hammocks - Lots 1-21 & 53-56)
586	228 (Parcel BB1 Bed and Breakfast as permitted use)
600	832 (Phase 5 - The Reserve Lots, The Hammocks - Lots 341-348)
620	923 (Phase 6 - Lots 310-333)
632	507 (Phase 5B - The Hammocks - Lots 22-36 and 43-51)
724	50 (Phase 7 - Lots 349-402)
724	821 (Phase 5C - The Hammocks - Lots 37-42 and 57-70)
737	785 (The Hammocks - The Reserve Lots - Lots 334-340)
756	901 (Phase 5D - The Hammocks - Lots 71-72)
966	479 (The Cottages - Lots 1-23)
981	510 (Phase 14, Historic Shooting Club - Lots 403-429)
1173	634 (Phase 1A, Lot 430)
1183	544 (Phase 1 and 2, Magnolia Bay)

Amendments to Declaration of Covenants, Conditions and Restrictions:

<u>Book</u>	<u>Page</u>	
388	569	(Phases 1 and 2, Lots 1-186)
396	639	(Phases 1 and 2, Lots 1-186)
809	585	
1245	665	
1245	671	(The Cottages, Amendment to Supp Dec Book 966, Page 479)
None	None	Unrecorded amendment of October 8,2005

Amendment to TCCPOA Bylaws (original Bylaws not recorded):

<u>Book</u>	<u>Page</u>	
None	None	Unrecorded amendment of October 8,2005
1245	676	

***This compiled document results from merging the original documents to reflect the current language of each provision. The original documents control in the event of a conflict.**

HIGHLIGHTS FROM THE DECLARATION AND BYLAWS FOR OWNERS AT THE CURRITUCK CLUB

1. Any structural reconstruction, improvements and/or modifications to your property require advance approval from the Architectural Control Committee. This includes structural additions such as porches, detached structures like garages, storage sheds and carports, or improvements to your property grounds, including landscaping, fencing (walls, barricades, and/or shrubbery), adding a pool or hot tub.

2. Any color(s) chosen for painting or repainting the exterior, other than the existing color(s), of your home require advance approval from the Architectural Control Committee. A color palette of colors pre-approved by the ACC is available in the General Manager's office.

3. All exposed exterior wood surfaces, including stairs, stair risers, support columns and lattice are required to be painted and in a color approved by the Architectural Control Committee.

4. Exterior lighting shall be restrained and subtle and must be directed so as not to shine directly on another Lot or Dwelling Unit or interfere with the quality of the night environment. No exterior lighting other than at entranceways or stairways will be allowed after 11:00 p.m.

5. All garbage receptacles, tools and equipment for use on a Lot or Dwelling Unit shall be placed in screened areas to shield them from general visibility from roads and neighbors abutting the Lot or Dwelling Unit. No fuel tanks or similar storage receptacles may be exposed to view. Propane tanks may be buried underground. However, no underground storage tanks for natural gas, chemicals, other petroleum products or any other mineral or toxic product will be allowed anywhere in the community.

6. Any exterior air-conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the Architectural Control Committee.

7. No leaves, trash, garbage or other debris shall be burned except as permitted by the appropriate government authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed or allowed to exist on any property, except as is temporary and incidental to any bona fide improvements being made to a Lot or Dwelling Unit.

8. No television antennas, radio receiver or sender antenna or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or structure, or placed on any Lot or Common Properties. A satellite dish not to exceed 18 inches in diameter may be installed.

9. Trees measuring 3 inches or more in diameter, at a point 2 feet above ground level, and any flowering trees or shrubs above 5 feet in height may not be removed from any

property, private or common, without the written approval of the Architectural Control Committee, unless located within 10 feet of a Dwelling Unit or site for such Dwelling Unit, or in the path of driveways and walkways located or to be located on any Lot. Excepted here from shall be damaged trees or trees which must be removed because of emergency. The removal of any such unapproved tree or shrub, without permission from the Committee, shall require replacement in kind and is to be paid for by the Property Owner responsible for the violation. If the tree or shrub cannot be replaced (i.e., the tree or shrub that has been removed without authorization was larger than is feasible to replace or is not available in the trade) there may be assessed a fine of \$500 for each violation, each tree or shrub being a separate violation.

10. It is the responsibility of each Owner to prevent any unclean, unsightly or unkempt conditions to exist on his Lot, Dwelling Unit, or grounds. In the event the Owner or his agent shall fail to maintain the Lot or allow any unclean, unsightly or unkempt condition to exist and such failure continues or remains unrepaired for 7 days after written notice from the Association, the Association has the right to abate any unsightliness, make needed repairs or to remove any rubbish, refuse, unsightly debris and/or growths from the Lot and adjoining area. The cost of this abatement shall be reimbursed by the Owners to the Association and will become a continuing lien on the Lot until paid.

11. All properties need to provide sufficient stabilization of the land's natural vegetation against rain and wind erosion and/or infringement of your neighbor's property.

12. No more than three household pets may be kept in any Dwelling Unit and such pets may not be kept, bred or maintained for any commercial purpose. At no time will household pets be allowed to run free, and at all times when off the Owner's Lot, pets will be on a leash.

13. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the roads within The Properties.

14. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (one ton or larger) will be allowed to remain on any street or on any Lot or on any portion of the Common Properties overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of the CC&Rs.

15. All Mail and Delivery Boxes must be approved by the Architectural Control Committee.

16. Fences are subject to the jurisdiction of the Architectural Control Committee as to location, style, materials and height. Fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility or visibility. Absent an extraordinary showing of need, no fence shall be allowed along a Lot or Dwelling Unit property line.

17. The association has the right to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid.

18. The owner must secure approval from the Architectural Control Committee each

and every time the Owner intends to paint or repaint their Dwelling Unit or any other structure or fence on their Lot.

19. There can be no change to any Lot or existing Dwelling Unit without first getting approval from the Architectural Committee.

20. Any infraction of the Bylaws or the Declaration is fineable at the rate of \$50 per infraction, each day being another infraction.

TABLE OF CONTENTS

Highlights from the Declaration and Bylaws	Page 3
Section 1 Architectural Guidelines for Single Family Homesites	Page 7
Section 2 Declaration of Covenants, Conditions and Restrictions	Page 16
Section 3 Supplemental Declaration for “The Hammocks”	Page 53
Section 4 Bylaws of The Currituck Club Property Owners Association	Page 58
Section 5 Builder Referral Disclosure	Page 88

Architectural Guidelines for Single Family Homesites

Section 1

Architectural Guidelines for Single Family Home Sites The Currituck Club Property Owners Association, Inc.

It is the intent of these Guidelines to act as an aid to help in the planning, construction and maintenance of your home in The Currituck Club, a Firewise Communities USA community. It will be our goal to achieve a community where the housing and the inhabitants live and merge as best as possible in unison with all the natural attributes of this unique locale and thereby as much as possible minimize the negative effects that this development might have on its unique sound-side environment.

The Currituck Club Property Owners Association, Inc. (the "Association") has appointed an Architectural Control Committee (the "Committee"), empowered by Article Four of the Declaration of Covenants, Conditions and Restrictions, to review all construction, reconstruction/modification and/or landscaping plans. Certain requirements are to be met prior to construction within The Currituck Club. Most importantly, no earth-moving, clearing, site work or construction will be commenced without first obtaining approval from the Committee. This is covered in detail in Article Four of the Declaration, as well. A Certificate of Completion will be issued by the Committee to determine full compliance of the approved plans ten days following submission by the Owner of the Certificate of Compliance. Only after receipt of the Certificate of Completion will the Owner be allowed to occupy the home.

The Committee may bar any proposed new construction or changes to existing homes on purely aesthetic grounds, where in its sole judgment, such action is required to maintain The Currituck Club's standard of architectural excellence in exterior materials and design. In addition, the Committee may from time to time change the Guidelines, or in certain circumstances, permit variations from these Guidelines when in its opinion such variation will not be detrimental to the overall quality of the community.

To the greatest extent possible we shall strive to preserve the natural characteristics of the land, and to honor the indigenous plant and animal life. We shall strive to encourage a style of housing and residence design that is contemporary in architecture with more of a horizontal organization to its living spaces (versus vertical) and with facades that tend toward the understated versus being overly ornate. Construction of any structures and landscaping must conform, where ever possible, to recognized Firewise principles as required to maintain our Firewise Communities USA status level.

Exteriors with a minimum of ornamentation will be encouraged. Hardiplank and natural wood materials will be encouraged for exterior wall covering, and we shall require treatment of such with a preservative stain or paint to enhance and protect the siding and to discourage mildew formation and uneven weathering. All exterior cedar trim will be required to be supreme clear grade. In general, subtle color selections in earth-tones, or light pastels are preferred. Conventional pier foundations or on-slab construction will be encouraged. All exposed exterior

wood finishes and treatments, including pressure-treated wood, with the exception of stair treads, deck joists and decking, must be painted as part of the house paint schedule, and such treatment shall be clearly indicated on the building plans. All visible deck pilings, girders and joist bands must be wrapped with cedar, trimmed and painted as part of the house paint schedule and such treatment shall be clearly indicated in the building plans. Piling foundations will be allowed where necessary to meet flood plain floor level minimums or in areas where added elevation will greatly enhance the view; but in all cases must be completely masked or enclosed in such a way as to not be visible to the casual eye. Wire mesh screening, no larger than 1/8 of an inch, to be installed inside any lattice work around 1"1 floor decks or patios. Gutters and downspouts, as needed for erosion control will blend well with the construction and color scheme. Vinyl siding, gutters or downspouts are prohibited.

The size and location of windows is important for view, ventilation and light, as well as for overall design. Careful attention to the positioning of windows in the structure can minimize views, enhance privacy, reduce heating and air-conditioning costs, and enhance the exterior appearance of the home. First and second floor windows should line up to maintain conformity in the appearance of the house.

Wood frame vinyl clad windows are preferred. White or bronze finish is acceptable. Windows of anodized aluminum are prohibited. Double pane/tempered glass required. Windows and doors shall have a 1"x4" minimum surround casing. Broad roof and eave overhangs are good in that they provide shade for the windows and doors from the high angle, hot midday sun, as well as add to the architectural aesthetics.

Entrance to structures should be by regular doors. Use of sliding glass doors as a sole means of entry into the house is prohibited. Entry to the house should be on the south or west side, whenever possible, since these are more protected from the north and east winds and windblown rain. The main entrance system and its arrangement and design add immeasurable to the character and appearance of the residence and should be an important design consideration. A dry entry from the garage, if attached and an under-roof main entry portico of proper scale will be required.

The roofing of a structure should add to the-character of the design by way of slope, shape, color, and texture. Gables and hips with minimum 6/12 slopes are suggested for main roof areas. Single plane, shed, A-frame, flat roofs or roofs with slopes of less than 4/12 should not be allowed, except when included as a feature of the dominant architecture. Cedar shake roofing prohibited. Roofing materials shall be Class A heavy-weight (300 lb. Minimum) composition shingle; slate or clay tile, metal, cement or terra-cotta tile and the finish color of the roof material should complement siding and trim colors. Exposed metal chimneys will not be allowed. All roof stacks, flashing, and metal chimney caps will be copper or painted to match the approved roof colors. Roof stacks and plumbing vents shall be placed on rear slopes of the roofs wherever possible. Attic and under-floor vents will be covered internally with wire mesh no larger than 1/8 of an inch. Vinyl soffits are prohibited.

Porches may be screened (full or partial screening) or open. Porches and decks on the second floor should not overhang the first floor without proper design balancing by the structure of the first floor. No bracing of upper decks or exposed pilings will be permitted. Horizontal handrails, with vertical or ornaments picket patterns are characteristic on raised decks. No decks, with handrail lines above nearby roof planes, nor any deck with its platform level higher than the highest interior floor level will be allowed. All visible deck pilings, girders and joist bands must be wrapped with cedar, trimmed and painted as part of the house paint schedule and such treatment shall be clearly indicated on the building plans.

Patios, terraces, pool decks and other ground level decking provide much-desired outdoor living space. They also add interest and character to the landscape. Masonry construction will be encouraged for such amenities. No above-ground swimming pools will be allowed, nor shall an in-ground pool project more than 12" from the grade. Plans for pools must show placement on the site, details of fencing and pool deck elevations and shall be submitted to the Committee for approval.

A restrained and subtle approach to exterior lighting is preferred with the idea that excessive exterior artificial light can interfere with the quality of the night environment. Exterior lighting shall be downcast and arranged to address functional need, but in a way that is neighborly and considerate of the effects of lighting beyond the boundaries of the property. Low-intensity light of entranceways and parking areas will be allowed, but floodlights are discouraged. If driveways are lighted, low voltage, downward facing, ground fixtures are preferred. No exterior lighting other than the low voltage driveway and/or landscaping lights, and lighting for entranceways and stairways, will be allowed after 11 p.m.

Driveways require vertical clearance of 15 feet with no more than 5% slope, where ever possible. Non-porous driveways with enhanced surface treatments will be required. No un-enhanced (plain finish) concrete driveways will be permitted. Exposed aggregate finish will be considered the minimum treatment. All such treatments will be clearly indicated on the site and landscape plans. Guest parking areas and turnabouts will be required. Single family homes will be required to have as a minimum a two-car garage. Driveways and retaining walls may intrude into setback areas as necessary when approved by the Committee. With the exception of flag lot pipe stems, a minimum 10 foot wide strip between the driveway and the lot line must be available for landscaping and to meet the requirements of Currituck County ordinances.

A landscape plan and its execution will be required, and it should seek to provide for intensely treated zones, all-natural areas, and careful transition zones. In the natural areas, existing vegetation should be disturbed as little as possible and, where disturbed, be restored so that it will continue to provide cover and anchor to the landscape. The use of native plant materials and other proven salt-tolerant decorative species is encouraged, especially in the more exposed neighborhoods. Plantings shall be limited to carefully spaced, low-flammability species. Wherever there is filling over tree root areas, tree wells and other precautions shall be used to protect the trees. All trees on property to be trimmed so lowest limbs are 6 to 10 feet from the

ground. Eliminate 'ladder fuels' - vegetation that may serve as a link between grass and tree tops. Provide a 'fuel break' between all structures, including swimming pool fences, and the native vegetation on the property. Tree removal is strictly controlled. It is recommended, where possible, that an irrigated area encircle any structure for a minimum of 30 feet on all sides. Use of crushed rock trim around structures, as opposed to mulch, is encouraged. A guide for landscaping budget is that it should be approximately 5 percent of the total housing cost.

As part of the building process, Owners should be aware of the following requirements, among others, for which they alone are responsible.

1. Preparation of Application and Plans in compliance with The Currituck Club Architectural Control Committee Guidelines and the Declarations of Covenants, Conditions and Restrictions for The Currituck Club.

2. Compliance with all laws, codes, and local ordinances.

3. Determination of environmental restrictions, drainage, grading and surface disturbance requirements and all surface and subsurface soil conditions.

4. Determination of the structural, mechanical and electrical integrity of the house, along with all other technical aspects of the proposed design that can only be determined by competent architects, engineers, contractors, and other similar professionals.

5. Determination of accuracy of all stakeouts and surveys.

Applicants should select building sites and home plans so as not to construct repetitious designs within close proximity. Similar designs or design duplications are discouraged and subject to disapproval without sufficient variations in exterior colors, materials, finish, trim and detailing.

All construction work will be done during the hours of 7 a.m. and 7 p.m., Monday through Saturday. No Sunday construction work will be allowed. The use of drugs or alcohol or playing loud music is strictly prohibited on a construction site, and no animal of any kind shall be kept on a construction site. The Owner is responsible to see that the contractor cleans up the site of day-to-day litter each day and to see that particular care is taken to prevent unnecessary damage to existing vegetation.

Until further notice, Plans and other materials for Committee review shall be delivered from 10:00 a.m. until 4:00 p.m., Monday through Friday to The Currituck Club Fitness Center located at 619 Currituck Clubhouse Drive. The appropriate fees shall accompany the plan delivery at that time. To arrange a pre-application or application meeting, phone the TCC General Manager at (252) 453-4011.

In order to make a submission of house plans for Committee approval, the Committee requires that the following be submitted or completed by the builder.

1. Building Application and Client/Builder Registration Form showing landowner's and contractor's complete name and address, including phone number, and other information as required.

2. Three sets of the plans, of architectural quality, sealed by a North Carolina licensed architect or structural engineer to include the following sheets, at a minimum:

- 1/4" scale foundation plan and section, with full framing detail
- 1/4" scale floor plans of all interior & exterior areas
- 1/4" scale east, west, north and south elevation drawings
- enlarged details of any exterior items not clearly presentable at plan scale

3. Legal survey of Lot and a site plan showing the building setbacks, driveway with turn-around area, and any other key features.

4. Landscape plan showing all aspects of planned site work, stabilization/re-stabilization, patios, terraces, lighting, decorative plantings, and any other proposed improvements.

5. Specifications on building plans, to include building dimensions and square footage, detailed specifications of all materials used in construction and finishing and colors of stain to be used on exterior surfaces, foundations, windows, doors and trim. A sample of the exterior paint color(s) on the proposed exterior material(s) at least 10 x 10 inches must be included. A sample of roofing material shall also be included.

6. Specifications for fences, driveway surface treatments, bulkheads, screening structures for heating and air conditioning units, gas or propane storage tanks and details of any other exterior improvements or appendage. Fence height shall not exceed 48".

7. Note that mirror image, reversed, or marked-up plans with penciled-in changes will not be accepted.

8. Prior to delivery of plans, the corners of the proposed residence must be staked on the lot by a registered surveyor.

9. \$2,500 Building Application Fee to accompany submission package. Non-refundable.

10. \$2,000 Damage Security Deposit to accompany submission package.

11. \$500.00 Infrastructure Protection Fee to accompany submission package.

After the Plans are approved, two sets will be returned, marked and approved by the Committee, allowing the applicant to apply for necessary construction permits. One set of approved Plans will be held by the Committee in its permanent files. If the Plans are not approved, all sets will be returned to the applicant with a letter indicating the reason or reasons for non-approval.

For convenience, some key points of the Declaration of Covenants, Conditions and Restrictions, where pertinent to dwelling design and construction procedures, are condensed below. (This summary is not intended to supersede or substitute for the recorded Declaration.) A complete copy of the Declaration and Bylaws may be obtained from The Currituck Club Property Owners Association General Manager.

1. PURPOSE - It is the purpose of the Declaration to provide for the careful and tasteful development of and to insure the highest standards for The Currituck Community, as well as to provide for the maintenance of the common facilities, roads, etc.

2. RESIDENTIAL USE - In the residential homeowners areas, lots may be used only for single family residential purposes. No unit of ownership or ownership interest may be subdivided to permit "Time Sharing," and no lot may be re-subdivided unless the two parts are to be recombined with the adjacent lots.

3. ARCHITECTURAL CONTROL - The Architectural Control Committee shall approve any and all plans for dwellings, fences, walls, driveways, landscaping or other improvements and exterior additions or alterations to existing dwellings, including clearing and site work on the property before any work whatsoever is commenced on any lot.

a. Maximum building height- 40 feet.

b. Building locations - Declarant may adjust site location of dwellings to protect natural aspects of the site and minimum setbacks are:

Front property line 25 feet

Side property 15 feet

Rear property line 25 feet

Note: setbacks shown on any recorded plat shall control.

c. Minimum size- Each dwelling shall contain a minimum of 2,000 square feet of heated living area.

d. Utilities and Easements - All utility lines of every type must be underground and Declarant reserves easements on all lots shown on the recorded plat 25 feet wide along the street frontage, 10 feet along the side lines, and 25 feet along the rear line of each lot in order to erect, maintain and use utility lines and drainage ways, and in the street-side easement for bike paths, landscaping and street lighting facilities.

e. Temporary Structures - No temporary structure such as a trailer, tent, shed, or exposed recreational vehicle may be placed or kept on any lot.

f. Vents, pipes or appendages and exterior air-conditioning units or heating equipment must be screened from public view. Down spouts and gutters must not cause erosion of the soil on any lot. Garbage and storage receptacles shall be placed in a fenced area in accordance with architectural control standards. Underground propane tanks are permitted. However, no fuel tanks or similar storage receptacles and/or related storage facilities may be exposed to view and no underground storage tanks for natural gas, chemicals, petroleum products other than propane, or any other mineral or toxic products are allowed. No TV antenna, satellite dish over 18" in diameter, radio receiver, or other similar device shall be attached to or installed on the exterior portion of any dwelling.

g. Vegetation - Trees measuring 3 inches or more in diameter, at a point 2 feet above ground level, and any flowering trees or shrubs above 5 feet in height may not be removed from any Lot without written approval from the Architectural Control Committee, unless located within the Dwelling footprint, within 10 feet of a Dwelling or in the path of a driveway or walkway.

h. Pets - No animals other than a reasonable number of domestic pets (no more than three) will be allowed to be kept in any dwelling.

i. Nuisances - No Owner will allow any visual, odor or noise pollution, or other nuisance to occur or exist on his Lot that would disturb the surrounding property Owners.

j. Discharge of Firearms - Hunting and trapping of wild animals, fowl, and game and the discharge of firearms and/or bows and arrows is prohibited.

k. Motorized vehicles - Motorized vehicles must not cause any offensive noises, and no vehicular traffic is allowed on any of the Common Properties designed for pedestrian or bicycle use.

l. Signs and Banners - Signs advertising a Lot or Dwelling for sale are forbidden. Signs offering a Dwelling for rent must be approved. No other signs or banners will be allowed.

m. Mail and delivery boxes - All mail and delivery boxes must be approved by the Architectural Control Committee and the County assigned street address must be displayed on each mailbox or on some landscape appurtenance easily available.

n. Residential Lot coverage - No more than 25 percent of any Lot shall be covered by structure, excluding driving and parking areas. An additional 15 percent of the Lot may be covered by walkways, pools or uncovered decks or patios.

o. Docks and Piers - No docks, piers, or elevated or suspended walkways of any kind, or any other manmade structure whatsoever, shall be constructed in or out over Currituck Sound or any lake, pond, waterway, marsh, off-property wetland, other water course, Common Properties, or any other place, by anyone other than the Declarant.

p. Certificate of Completion - Prior to occupancy of any Dwelling Unit, the Owner must first notify the Architectural Control Committee, by way of filing the requisite Certificate of Compliance with the Committee, in order that an inspection be made by a representative of the Committee to see that all aspects of the Plans have been completed. Only the Landscape Plan will be allowed to be completed after occupancy. On inspection and finding that all aspects of the Plans have been completed, the Committee will issue to the Owner a "Certificate of Completion" and the Owner may then occupy the Dwelling Unit. Even after issuance of a Certificate of Completion, the owner remains responsible for compliance with approved plans and architectural guidelines (i.e. the Certificate does not waive satisfaction of the requirements).

q. Limits of Responsibility. It is the sole responsibility of the Owner to resolve disputes with the builder. The Architectural Control Committee does not get involved in issues between Owners and Builders.

Your ownership in The Currituck Club demonstrates your commitment to be a part of one of the most exciting communities ever developed. Please take the time to become familiar with these Guidelines, the Declaration, and the Bylaws. If you have any questions whatsoever about any of the items mentioned herein, please contact The Currituck Club Property Owners Association at (252) 453-4011.

These Guidelines are an Architectural Control Committee means of communicating pertinent provisions of the Declaration of Covenants, Conditions and Restrictions as recorded in the Public Registry of Currituck County. They are intended to provide a quick and easy guide for property owner/user behavior in increasing/maintaining property values within the Property Owners Association's boundaries. Should any question of applicability of these Guidelines occur, the Declaration of Covenants, Conditions and Restrictions shall be considered the ruling document.

Declaration of Covenants, Conditions and Restrictions

Section 2

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

The Currituck Club

PHASES 1 and 2, LOTS 1 - 186

Poplar Branch Township, Currituck County, Corolla, North Carolina

NORTH CAROLINA
CURRITUCK COUNTY

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made and entered into on this 14th day of December, A.D., 1995, by The Currituck Associates - Residential Partnership, a North Carolina general partnership (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article One of this Declaration and desires to create thereon a residential community (the "Community") together with streets, roads, bike paths, footways, open spaces, landscaping, entrances, drainage facilities, access easements, site lighting and signage, and any recreation area(s) and any other common facilities shown on any recorded plat of the real property or a portion thereof (hereinafter sometimes referred to collectively as the "Facilities") for the benefit of the Community; and,

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in the Community and for the maintenance of the Facilities and, to this end, desires to subject the real property described in Article One to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner of a portion thereof; and,

WHEREAS, the Declarant's present intention, stated here for information of present intent only and not as a Warranty or representation of a future fact, is to develop the Community with residential units of different styles, designs and construction. These may include, by way of example and not limitation, condominium units, townhouse dwellings, individually owned single family lots upon which residences may be built, patio homes or zero lot line homes. Additionally, the Declarant reserves the option, at Declarant's sole discretion, to add commercial space and a hotel site which may or may not be subjected to the jurisdiction of the Association (as hereinafter defined) and the terms of this Declaration; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Community, to create an agency to which should be delegated and assigned the powers of maintaining, administering, operating and replacing the community properties and Facilities, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation, The Currituck Club Property Owners Association. Inc. (the "Association") for the purpose of exercising the functions aforesaid;

NOW WHEREFORE, the Declarant declares that the real property described in Article One, is and shall be held, transferred, sold, conveyed and occupied subject to the terms,

conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "Declaration") as hereinafter set forth.

ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration (the "Existing Property") is located in Currituck County, North Carolina, and is commonly known as Phases 1 and 2 of The Currituck Club, as depicted on the maps and plats prepared for Declarant by William T. Robbins, Registered Land surveyor, said real property being more particularly described in Exhibit A attached hereto and by reference hereby made a part hereof.

Section 2. Additions to Existing Property. Real property in addition to the Existing Property may hereafter become subject to this Declaration in the following manner:

[NOTE: Various properties have been added – see Index of Core Documents and Supplements listed]

(a) Additions in accordance with a Master Plan of Development. The Declarant, its successors and assigns, shall have the right but not the obligation, without the further consent of the Association, to bring within the scheme and operation of this Declaration all or any portions of the real property described in Exhibit B attached thereto and by reference hereby made a part hereof.

The additions authorized under this and the succeeding subsection shall be made by filing of record in the Office of the Register of Deeds of Currituck County one or more supplementary Declarations of Covenants, Conditions and Restrictions with respect to such additional property or properties which shall extend the operation and effect of this Declaration to such additional property or properties (hereinafter sometimes referred to as a "Supplemental Declaration").

EXHIBIT A
DESCRIPTION OF PROPERTY
 Phases 1 and 2 of The Currituck Club

Lying and being in Currituck County, North Carolina, and being more particularly described as follows:

Beginning at a point, said point being located N 23 deg 20'13"W 2515.52' from a concrete monument located in the southeast corner of The Currituck Associates - Residential Partnership and the north boundary line of Turnpike Properties, Inc., thence from said beginning point S 34 deg 03'45"W 151.36', thence S 19 deg 30'01"W 45.00', thence S 09 deg 21'20"W 115.80', thence S 02 deg 32'24"W 97.70', thence S 06 deg 42'29"E 41.27', thence S 24 deg 03'30"E 59.19', thence S 27 deg 15'30"W 55'54', thence N 80 deg 01'22"W 35.00', thence S 27 deg 49'27"W 178.50', thence S 80 deg 34'06"W 52.01', thence along a curve having a radius of 15.00' and an arc length of 23.83' with a chord bearing of S 84 deg 35'07"W 21.40', thence along a curve having a radius of 130.00' and an arc length of 57.49' with a chord bearing of S 26 deg 24'23"W 57.02', thence along a curve having a radius of 270.00' and an arc length of 168.96' with a chord bearing of S 31 deg 39'51"W 166.21', thence along a curve having a radius of 320.00' and an arc length of 167.81' with a chord bearing of S 64 deg 36'52"W 165.90', thence S 79 deg 38'16"W 49.61', thence along a curve having a radius of 720.00' and an arc length of 110.26' with a chord bearing of S 84 deg 01'30"W 110.15', thence S 13 deg 02'33"E 195.91', thence S 06 deg 09'33"W 142.33', thence S 07 deg 56'46"E 53.13', thence S 35 deg 38'36"W 74.04', thence S 70 deg 25'46"W 31.92', thence N 78 deg 41'24"W 58.78', thence S 77 deg 02'51"W 96.33', thence S 76 deg 58'06"W 13.36', thence S 88 deg 04'26"W 62.47', thence N 20 deg 35'03"W 28.67', thence N 15 deg 27'29"W 47.03', thence N 34 deg 49'30"E 33.39', thence N 16 deg 02'23"W 77.64', thence N 23 deg 58'39"W 51.38', thence N 51 deg 27'44"E 26.01', thence N 07 deg 24'28"W 32.70', thence N 44 deg 30'39"W 88.85', thence S 45 deg 37'30"W 27.29', thence N 27 deg 56'45"W 44.49', thence N 58 deg 49'43"W 49.04', thence N 26 deg 40'20"E 257.78', thence N 00 deg 20'03"W 263.07', thence N 19 deg 18'35"W 241.13', thence N 75 deg 22'35"E 110.01', thence N 59 deg 28'36"E 59.02', thence N 89 deg 47'24"E 177.41', thence S 63 deg 02'48"E 117.32', thence N 47 deg 24'53"E 124.23', thence N 06 deg 51'29"E 97.61', thence N 29 deg 38'36"E 51.65', thence N 17 deg 31'41"E 69.02', thence N 06 deg 36'23"E 285.36', thence along a curve having a radius of 920.00' and an arc length of 672.47' with a chord bearing of N 58 deg 37'48"W 657.60', thence S 88 deg 39'42"W 248.64', thence S 71 deg 08'19"W 144.56', thence N 81 deg 37'50"W 66.89', thence N 18 deg 26'43"W 69.72', thence N 17 deg 53'51"W 66.46', thence N 67 deg 24'12"W 41.79', thence N 18 deg 59'58"W 53.97', thence N 03 deg 15'06"W 93.83', thence N 60 deg 22'01"W 59.20', thence N 05 deg 56'58"E 72.72', thence N 18 deg 15'10"W 54.85', thence N 42 deg 22'18"W 56.42', thence N 12 deg 26'50"E 43.22', thence N 36 deg 44'27"W 66.34', thence N 69 deg 44'56"W 30.45', thence N 25 deg 49'36"E 55.09', thence N 22 deg 28'29"W 46.87', thence S 73 deg 43'37"E 77.18', thence along a curve having a radius of 100.00' and an arc length of 213.15' with a chord bearing of N 45 deg 12'42"E 175.03', thence N 15 deg 51'01"W 187.64', thence N 56 deg 37'48"E 31.47', thence along a curve having a radius of 220.00' and an arc length of 31.08' with a chord bearing of N 38 deg 19'45"W 31.05', thence S 66 deg 37'48"W 13.19', thence along a curve having a radius of 230.00' and an arc length of 70.31' with a chord bearing of N 25 deg 53'57"W 70.04', thence N 17 deg 08'29"W 409.48', thence N 23 deg 12'24"W 716.80', thence N 53 deg 47'24"W 418.09', thence N 16 deg 05'23"E 219.03', thence N 76 deg 32'24"E 59.57', thence along a curve having a radius of 220.00' and an arc length of 10.93' with a chord bearing of N 03 deg 28'14"E 10.93', thence N 04 deg 53'37"E 105.00', thence along a curve having a radius of 270.00' and an arc length of 143.69' with a chord bearing of N 20 deg 08'21"E 142.00', thence along a curve having a radius of 230.00' and an arc length of 17.45' with a chord bearing of N 33 deg 12'39"E 17.45', thence N 74 deg 14'58"W 70.63', thence N 04 deg 56'22"W 227.46', thence N 10 deg 53'58"W 483.61', thence along a curve having a radius of 180.00' and an arc length of 158.06' with a chord bearing of N 36 deg 03'20"W 153.03', thence N 06 deg 23'54"E 85.26', thence N 62 deg 01'49"W 30.01', thence S 06 deg 23'54"W 77.12', thence along a curve having a radius of 190.00' and an arc length of 217.78' with a chord bearing of S 75 deg 55'05"W 206.05', thence N 00 deg 32'08"E 320.94', thence N 80 deg 44'25"W 139.99', thence N 27 deg 39'56"W 359.60', thence N 18 deg 03'57"W 167.20', thence N 47 deg 55'43"W 180.35', thence N 17 deg 55'56"W 40.00', thence N 57 deg 09'54"E 199.38', thence along a curve having a radius of 178.44' and an arc length of 135.85' with a chord bearing of N 77 deg 17'16"E 132.59', thence along a curve having a radius of 180.00' and an arc length of 250.02' with a chord bearing of N 15 deg 15'28"E 230.40', thence N 24 deg 32'05"W 438.71', thence N 15 deg 00'25"W 344.80', thence N 74 deg 59'35"E 33.44', thence S 50 deg 11'59"E 216.78', thence S 06 deg 33'31"E 164.07', thence S 49 deg 18'33"E 207.72', thence N 73 deg 06'45"E 101.83', thence along a curve having a radius of 2520.00' and an arc length of 388.94' with a chord bearing of N 18 deg 56'28"W 388.56', thence S 80 deg 47'32"W 109.94', thence N 31 deg 13'01"W 156.10', thence N 20 deg 29'03"E 149.01', thence N 73 deg 05'40"E 79.59', thence N 04 deg 56'20"E 146.11', thence S 87 deg 10'05"E 210.06', thence S 26 deg 14'23"W 25.00', thence S 05 deg 28'48"E 351.14', thence S 15 deg 22'27"E 474.24', thence along a curve having a radius of 100.00' and an arc length of 98.56' with a

chord bearing of S 43 deg 36'39"E 94.62', thence S 18 deg 09'10"W 40.13', thence S 60 deg 25'45"E 94.91', thence S 45 deg 38'06"E 25.25', thence S 29 deg 18'04"W 143.12', thence S 15 deg 40'38"W 217.29', thence S 15 deg 37'22"W 378.45', thence S 04 deg 24'49"W 497.84', thence S 69 deg 16'33"W 48.12', thence along a curve having a radius of 370.00' and an arc length of 139.22' with a chord bearing of S 51 deg 15'03"E 138.40', thence S 62 deg 01'49"E 59.22', thence N 45 deg 14'42"E 193.49', thence S 72 deg 57'52"E 253.56', thence N 81 deg 50'53"E 310.96', thence S 26 deg 06'55"E 382.60', thence S 06 deg 15'12"E 381.93', thence along a curve having a radius of 180.00' and an arc length of 248.86' with a chord bearing of S 45 deg 51'36"E 229.51', thence S 85 deg 07'19"E 28.26', thence along a curve having a radius of 40.00' and an arc length of 81.42' with a chord bearing of S 26 deg 48'28"E 68.08', thence S 58 deg 29'26"E 10.01', thence S 31 deg 30'34"W 294.22', thence S 27 deg 08'33"W 212.57', thence along a curve having a radius of 175.00' and an arc length of 327.79' with a chord bearing of S 39 deg 13'24"E 281.94', thence N 87 deg 06'54"E 92.92', thence S 04 deg 15'57"W 212.06', thence S 01 deg 29'30"E 300.66', thence S 29 deg 49'13"E 333.22', thence S 07 deg 03'08"W 75.58', thence S 73 deg 51'07"W 97.26', thence S 64 deg 44'53"W 407.06', thence S 06 deg 28'01"E 64.13', thence along a curve having a radius of 220.00' and an arc length of 36.84' with a chord bearing of S 01 deg 40'11"E 36.80', thence along a curve having a radius of 180.00' and an arc length of 252.13' with a chord bearing of S 37 deg 00'00"E 232.02', thence along a curve having a radius of 295.00' and an arc length of 40.73' with a chord bearing of S 73 deg 10'19"E 40.70', thence N 74 deg 20'24"E 171.65', thence N 64 deg 26'45"E 173.94', thence S 05 deg 12'21"E 406.80', thence S 21 deg 11'35"E 325.28', thence S 24 deg 28'28"E 107.88', thence S 30 deg 14'16"E 89.15', thence S 42 deg 06'10"E 72.92', thence S 31 deg 07'39"E 204.53', thence along a curve having a radius of 100.00' and an arc length of 132.18' with a chord bearing of S 68 deg 59'46"E 122.77', thence N 73 deg 08'07"E 219.23', thence along a curve having a radius of 180.00' and an arc length of 114.08' with a chord bearing of N 54 deg 58'44"E 112.18', thence S 08 deg 20'07"W 216.00', thence S 53 deg 05'54"E 175.63', thence S 76 deg 16'37"E 119.69', thence S 20 deg 10'44"E 237.66' to the point and place of beginning.

"EXHIBIT B"

THE CURRITUCK CLUB - Boundary

Beginning at a concrete monument located in the southeastern corner of Currituck Shooting Club, on the north boundary line of Turnpike Properties, Inc., said beginning point being located N12°59'02"W from N.C.G.S. Monument "Radio" (Grid coordinates of N 286023.575 meters E. 897869.041 meters, NAD 1983), thence from the point of beginning along and with the line of Turnpike Properties, Inc. S 86°28'59"W 301.16 ft. to a concrete monument marking the northeast corner of the National Audubon Society and the northwest corner of Turnpike Properties, Inc. Thence continuing along and with the National Audubon Society line S 86°28'59"W 110.10 ft. to an iron pipe, thence S86°28'59"W 1024.29 ft. to an iron pipe, thence S. 86°28'59"W 252.55 ft. to the shore of the Currituck Sound, thence along and with Currituck Sound N 02°33'32" 43.78 ft., thence N 24°08'45"W 89.01', thence N 36°40'26"W 80.52', thence N 21°07'53"E 71.82', thence N 21°34'50"W 74.63', thence N 21°04'44"W 61.96', thence N 08°48'02"E 53.37', thence N 12°45'56"E 76.17', thence S 73°14'00"W 114.17', thence N 38°41'51"W 44.04', thence N 12°11'58"E 55.67', thence N 33°31'02"E 49.13', thence N 39°47'43"E 44.99', thence N 32°37'16"W 66.78', thence N 36°39'46"W 74.82', thence N 27°06'37"W 51.57', thence N 85°52'44"W 73.17', thence N 71°46'16"W 50.23', thence N 37°26'53"E 41.42', thence N 13°02'22"E 66.17', thence N 81°14'44"E 37.56', thence N 66°18'37"E 69.08', thence S 84°39'00"E 54.63', thence N 82°53'38"E 97.45', thence N 74°22'12"E 37.35', thence N 39°45'14"E 81.12', thence N 19°26'16"E 97.31', thence N 24°08'40"W 28.63', thence S 76°51'31"W 48.23', thence S 07°58'46"E 52.62', thence S 35°38'36"W 74.75', thence S 70°25'46"W 32.51', thence N 78°41'24"W 58.84', thence S 77°02'51"W 109.87', thence S 88°04'26"W 63.19', thence N 20°35'03"W 29.43', thence N 15°27'29"W 47.54', thence N 34°49'30"E 33.38', thence N 16°02'23"W 77.09', thence N 23°58'36"W 52.09', thence N 51°27'44"E 28.22', thence N 07°24'28"W 31.80', thence N 44°30'30"W 87.52', thence S 46°37'30"W 27.63', thence N 27°56'45"W 45.55', thence N 58°49'43"W 66.29', thence N 03°48'17"W 62.27', thence N 15°15'03"W 76.11', thence S 62°49'59"W 40.59', thence N 29°12'44"W 57.74', thence N 79°21'52"E 84.27', thence N 34°00'35"E 30.38', thence N 71°17'26"W 29.96', thence S 09°51'32"E 29.60', thence S 81°23'12"W 30.36', thence S 73°09'32"W 39.83', thence N 00°48'18"W 168.17', thence N 34°47'45"E 175.50', thence N 05°53'55"W 144.29', thence N 69°09'19"W 81.78', thence N 31°48'44"W 99.52', thence N 34°37'35"W 97.18', thence N 72°14'26"W 18.27', thence N 49°39'36"E 57.54', thence N 20°46'55"E 43.52', thence N 16°07'24"E 63.71', thence N 02°03'35"W 62.19', thence N 26°15'11"W 38.38', thence N 49°34'25"W 82.43', thence N 67°54'15"E 41.97', thence N 32°57'06"W 44.40', thence N 33°54'40"W 29.51', thence N 63°04'18"W 30.62', thence N 35°50'36"E 8.10', thence N 35°50'36"E 23.12', thence N 56°14'14"W 58.84', thence N 55°49'35"E 18.37', thence N 44°42'48"W 16.08', thence S 56°57'37"W 21.64', thence N 56°05'10"W 61.18', thence N 63°23'21"E 62.60', thence N 13°54'13"E 77.85', thence N 13°54'13"E 0.09', thence N 14°29'31"W 100.18', thence N 65°19'01"W 43.81', thence S 73°47'11"W 38.38', thence N 30°13'21"W 31.68', thence N 03°32'31"W 36.13', thence N 54°21'30"E 30.90', thence N 58°15'14"E 29.75', thence N 18°25'43"W 69.23', thence N 17°53'51"W 66.00', thence N 67°24'12"W 41.78', thence N 18°59'59"W 54.55', thence N 03°15'06"W 93.43', thence N 60°22'01"W 59.31', thence N 05°58'58"E 73.18', thence N 18°15'10"W 64.43', thence N 42°22'15"W 56.72', thence N 12°26'50"E 43.23', thence N 36°44'27"W 65.58', thence N 69°44'56"W 31.25', thence N 25°49'36"E 55.75', thence N 21°28'29"W 89.27', thence N 41°22'21"W 81.71', thence N 57°43'08"W 94.81', thence N 26°49'11"W 32.27', thence S 82°15'56"W 60.08', thence S 04°15'46"E 30.11', thence N 86°23'48"W 59.97', thence N 19°10'08"W 21.47', thence N 50°47'17"E 51.93', thence N 81°24'38"E 67.56', thence N 04°46'57"W 63.53', thence N 39°51'44"W 69.34', thence S 72°28'07"W 50.35', thence N 06°54'35"W 23.28', thence N 48°18'12"E 52.71', thence N 72°18'45"E 31.99', thence N 10°03'18"W 16.23', thence N 83°27'26"W 21.91', thence N 28°37'33"W 32.75', thence N 62°12'31"E 48.50', thence N 20°35'56"W 31.51', thence N 64°07'38"W 41.69', thence N 29°45'50"E 39.68', thence N 25°23'19"W 27.59', thence N 69°57'49"W 44.84', thence S 75°32'30"W 21.20', thence N 37°24'11"E 68.18', thence N 20°54'25"W 21.79', thence N 31°10'10"W 69.16', thence N 28°28'35"W 72.76', thence N 60°47'39"W 30.49', thence N 14°56'56"W 20.25', thence N 01°55'57"E 29.49', thence N 55°34'08"W 52.57', thence N 29°08'00"W 68.22', thence N 66°59'04"W 85.20', thence N 31°40'31"W 81.64', thence N 11°31'07"E 55.97', thence N 66°18'46"W 60.65', thence N 40°00'10"E 40.30', thence N 51°12'29"W 48.90', thence S 46°42'11"W 43.15', thence N 26°54'21"W 92.67', thence S 35°51'55"W 62.32', thence S 55°34'26"W 96.15', thence S 29°07'46"W 57.71', thence N 23°33'05"W 46.93', thence N 19°09'41"E 70.96', thence N 47°29'40"W 78.63', thence N 67°39'43"W 61.47', thence N 39°46'49"E 43.49', thence N 30°21'34"W 113.21', thence N 58°07'30"W 23.38', thence N 21°18'47"E 56.19', thence N 19°05'15"W 72.99', thence N 40°53'17"W 85.31', thence N 29°02'45"E 86.63', thence N 62°12'59"E 99.36', thence N 46°06'53"E 92.51', thence N 43°33'08"E 60.33', thence N 30°30'05"W 18.81', thence S 70°35'01"W 67.30', thence S 82°46'21"W 39.43', thence N 45°52'49"W 72.73', thence S 53°08'48"W 99.79', thence S 47°11'19"W 40.32', thence N 85°14'12"W 88.78', thence N 19°42'50"W 15.44', thence N 36°28'29"E 70.52', thence N 50°25'34"W 27.08', thence S 56°40'30"W 64.90', thence N 78°02'24"W 83.17', thence N 51°54'46"W 75.67', thence N 29°37'47"E 67.12', thence N 69°15'47"E 94.08', thence N 69°37'22"E 91.64', thence N 84°21'20"E 83.56', thence N 61°28'39"E 99.24'.

Page #2 - The Currituck Club Boundary

thence N 74°10'41"E 89.24', thence S 75°23'55"E 75.32', thence S 77°33'59"E 88.87', thence N 87°51'35"E 72.90', thence N 75°33'19"E 40.45', thence N 09°28'54"E 25.87', thence S 61°19'02"E 53.10', thence S 74°38'54"E 28.14', thence S 85°56'43"E 35.84', thence N 12°41'37"E 10.04', thence N 74°18'36"W 55.74', thence N 54°43'51"W 59.83', thence N 28°12'09"W 20.19', thence S 44°30'05"W 25.02', thence S 81°21'19"W 48.29', thence S 85°48'46"W 39.00', thence N 79°40'27"W 58.84', thence N 64°42'36"W 49.12', thence N 81°52'18"W 43.07', thence S 74°10'35"W 94.51', thence S 61°41'33"W 86.15', thence S 77°31'43"W 130.56', thence N 71°09'03"W 48.15', thence N 17°49'28"E 17.36', thence N 73°41'40"E 124.86', thence N 65°55'20"E 64.21', thence N 08°42'01"W 98.01', thence N 69°02'15"W 88.77', thence S 67°48'46"W 91.84', thence S 62°57'36"W 73.56', thence S 22°35'30"W 78.88', thence N 32°58'25"W 101.37', thence N 43°00'15"E 53.11', thence N 69°07'05"E 95.25', thence N 23°24'55"E 98.78', thence N 20°18'07"E 179.83', thence N 02°35'12"E 409.95', thence N 22°06'22"E 19.48', thence N 20°06'41"W 98.33', thence N 57°14'42"W 81.01', thence N 60°18'11"W 49.05', thence N 59°17'08"W 36.00', thence N 34°21'57"W 149.89', thence N 73°18'08"W 72.00', thence N 13°37'28"W 52.02', thence N 07°52'39"W 32.03', thence N 04°22'10"W 38.17', thence N 71°46'34"W 20.06', thence N 33°32'01"W 61.23', thence N 69°03'15"W 13.40', thence N 18°50'01"W 153.03', thence N 79°59'19"W 15.54', thence N 46°08'29"W 33.85', thence N 12°53'24"W 57.43', thence N 25°24'15"E 47.82', thence N 20°05'51"W 46.66', thence N 21°22'51"W 64.54', thence N 45°10'04"W 60.70', thence N 09°12'14"E 68.64', thence N 61°27'41"E 168.49', thence N 39°18'35"W 245.94', thence S 43°56'00"W 78.18', thence N 01°50'45"W 28.33', thence N 12°07'06"W 152.78', thence N 11°15'19"W 69.53', thence N 22°54'04"E 40.11', thence N 18°38'00"W 52.61', thence N 18°58'30"W 169.45', thence N 11°53'40"E 48.68', thence N 32°41'27"W 121.27', thence N 44°55'27"W 55.01', thence N 25°55'06"W 66.86', thence N 41°55'49"W 79.00', thence N 25°50'23"W 101.03', thence N 11°18'42"E 69.03', thence N 11°10'47"W 79.24', thence N 45°10'44"W 68.20', thence N 13°51'47"W 69.40', thence N 04°48'17"W 127.15', thence N 49°32'22"W 89.08', thence N 40°04'31"W 63.51', thence N 54°01'42"W 59.48', thence N 59°06'12"W 60.95', thence N 22°20'16"W 111.12', thence S 42°04'38"W 29.04', thence N 61°17'35"W 105.59', thence N 23°32'15"W 40.70', thence N 13°49'28"W 75.80', thence N 57°06'00"E 41.22', thence N 73°01'08"W 68.47', thence N 25°55'58"W 158.08', thence N 00°48'17"W 97.42', thence N 12°42'18"W 123.43', thence N 25°40'53"W 79.24', thence N 29°06'46"W 144.97', thence N 42°13'53"W 81.14', thence N 08°17'34"E 98.85', thence N 10°27'08"W 85.48', thence N 32°45'22"W 57.04', thence N 35°39'24"W 81.88', thence N 10°54'21"W 90.25', thence N 04°20'25"W 32.90', thence N 48°16'23"W 71.01', thence N 21°44'11"W 53.18', thence N 42°58'49"W 78.55', thence N 46°50'20"W 144.51', thence N 13°11'26"W 88.91', thence N 24°54'44"W 86.68', thence N 13°29'40"E 48.88', thence N 04°26'33"E 54.74', thence N 05°51'58"W 59.12', thence S 76°37'33"W 91.78', thence N 16°52'00"E 241.31', thence N 21°34'35"W 91.03', thence N 13°04'41"E 152.75', thence N 27°46'19"W 58.25', thence S 28°50'53"W 81.23', thence S 36°41'54"W 23.21', thence S 49°01'06"W 27.94', thence N 62°45'54"W 53.05', thence N 24°29'27"W 88.33', thence N 42°03'23"W 189.60', thence N 32°30'43"W 182.63', thence N 20°09'05"W 124.80', thence N 07°48'08"W 203.81', thence N 10°23'08"W 129.38', thence N 00°48'37"E 56.30', thence N 48°48'54"E 84.44', thence N 32°41'28"E 72.78', thence N 82°59'11"E 35.41', thence S 35°22'38"E 78.03', thence N 43°21'37"E 18.11', thence N 18°23'28"W 61.72', thence N 06°55'24"W 88.05', thence N 17°37'24"W 82.36', thence N 02°16'35"W 91.18', thence N 18°01'11"W 60.12', thence N 32°34'26"W 48.82', thence N 50°40'10"W 79.94', thence N 23°11'52"E 127.11', thence N 30°32'38"W 75.52', thence N 44°37'56"W 65.59', thence N 62°42'49"W 123.01', thence N 39°14'04"W 72.40', thence N 07°09'53"W 54.67', thence N 58°06'59"W 46.21', thence N 52°36'24"W 58.98', thence N 70°30'20"W 30.65', thence N 44°36'11"W 35.01', thence N 09°49'34"W 51.74', thence N 08°42'44"W 55.37', thence N 31°06'03"W 44.00', thence N 12°04'01"W 48.29', thence N 13°25'02"E 46.07', thence N 29°09'44"E 82.88', thence N 35°37'56"E 92.84', thence N 31°11'36"E 61.01', thence N 77°48'36"E 68.57', thence N 76°25'32"E 29.34', thence N 59°12'22"E 57.70', thence N 31°58'25"E 38.73', thence N 27°53'49"W 62.91', thence N 25°46'40"W 53.06', thence N 29°58'22"W 51.28', thence N 19°05'19"W 79.92', thence N 09°47'14"W 55.05', thence N 05°21'51"W 49.58', thence N 03°00'25"W 67.54', thence N 18°59'13"W 82.00', thence N 01°38'24"W 108.06', thence N 18°07'34"W 85.77', thence N 27°56'58"W 75.36', thence N 45°25'27"W 116.08', thence N 07°25'02"W 125.88', thence N 09°30'36"W 154.28', thence N 09°31'58"E 132.01', thence N 40°16'41"E 87.14', thence N 46°44'46"W 89.32', thence S 78°29'23"W 107.54', thence N 62°31'31"W 154.19', thence N 21°37'19"W 104.78', thence N 22°48'01"W 157.36', thence N 02°18'55"W 172.07', thence N 02°54'29"W 187.87', thence N 07°28'42"W 145.59' to a terra cotta and concrete monument marking the southwestern corner of Ocean Sands Subdivision, thence turning and leaving the Currituck Sound along and with the line of Ocean Sands Subdivision, S 86°25'54"E 941.77' to a concrete monument, thence S 19°08'35"E 2354.30' to a concrete monument, thence S 81°28'54"E 3300.44' to a concrete monument, thence S 28°55'10"E 2700.00' to a concrete monument, thence S 07°47'10"E 3178.53' to a rebar, thence S 20°10'44"E 3715.63' to a pipe, thence S 24°22'34"E 1893.48' to the point of beginning, containing 606.80 Acres.

Less and Except: That tract of land known as The Currituck Golf Club.

All those certain pieces, parcels, and lots of land designated as Lots "A", "B", and "C" and "Common Open Space", Oceans Subdivision as shown on that certain plat or map entitled "PRIVATE ACCESS-COMMON SPACE SUBDIVISION, THE CURRITUCK CLUB, OCEANS SUBDIVISION" prepared by William T. Robbins, R.L.S. dated August 29, 1996, and recorded in Plat Cabinet F, Pages 76 and 77, Currituck County Registry, which plat is incorporated herein by reference for greater certainty of description.

Any Supplemental Declaration(s) may specify such specific use restrictions and other covenants, conditions and restrictions to be applicable to the added property and may contain such complementary additions and modifications of this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect and adapt to any difference in character of the added properties. In no event, however, shall any such supplementary Declaration modify or add to the covenants and restrictions established by this Declaration so as to negatively affect the Existing Property; however, this proviso shall not be interpreted to prohibit or prevent any properly instituted change in the amount of the "assessments" (as hereinafter defined) payable by a Member of the Association by reason of any such additions.

(b) Other Additions. Upon approval in writing of the Association, pursuant to authorization by way of a two-thirds (2/3) vote of all of its Members, voting as provided in Section 2 of Article Six hereto; the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration as described in subsection (a) above. Any approval by the Association pursuant to this subsection shall be evidenced by the Association executing any such Supplemental Declaration(s).

(c) Mergers, Combinations or Consolidations. Upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to The Properties of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing Property, together with the covenants and restrictions established upon any other properties, as one scheme. No such merger, combination or consolidation, however, shall effect any revocation or change of; or addition to, the covenants and restrictions established by this Declaration within the Existing Property, except as herein provided.

Section 3. Access Easement Reserved. The Declarant reserves unto itself for the benefit of Declarant, its successors and/or assigns, a perpetual, non-exclusive and alienable easement and right of ingress, egress and regress over and across all private streets and roads within the Properties for access to and from other real property of Declarant or its successors and/or assigns.

ARTICLE TWO: DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

"Assessment(s)" or "assessment(s)" or "Common Charges" shall mean and refer to the assessments(s) and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in The Properties or who are Owners of Other Lots or Other Residential Units within The Currituck Club, as applicable, and the words Assessment(s) or assessment(s) shall have the same meaning as Common Charges, unless the context requires otherwise.

"Association" shall mean and refer to The Currituck Club Property Owners Association,

Inc., and "Bylaws" shall mean and refer to the Bylaws of the Association and all amendments thereto.

"Beach Access" shall mean an access way to the ocean at the extreme southern end of the Properties, composed of a combination of (i) a part of the "100' Ocean Access Easement" parcel shown on the approved "Amended Sketch Plan" master plan, dated June 16, 1995; and (ii) the Currituck County-owned Pine Island beach access facility at the extreme northern end of the Pine Island P.U.D., adjacent to the "100' Ocean Access Easement."

"Beach Club" shall mean and refer to the proposed Pine Island Beach Club located on real property owned by Turnpike Properties, Inc., or any other similar facility with which Declarant may secure an arrangement for use by Currituck Club owners.

"Board" shall mean and refer to the Board of Directors of the Association.

"Common Expenses" shall mean and refer to:

- (a) expenses of administration, operation, maintenance, repair or replacement of the Common Properties;
- (b) expenses declared Common Expenses by the provisions of this Declaration or the Bylaws;
- (c) expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners of Lots or Dwelling Units in The Properties or of Other Lots or Other Residential Units within The Currituck Club, as applicable, in accordance with the Bylaws or this Declaration; and
- (d) any valid charge against the Association or against the Common Properties as a whole.

"Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions. to which The Properties are submitted or subjected) labeled as "Common Properties" or shown as Recreational Facilities, open space, Beach Access, streets, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon) which are a part of The Properties, and as such intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots, Dwelling Units, Other Lots or Other Residential Units.

"The Currituck Club" shall mean and refer to that Planned Unit Development community consisting of single family lots and residences, multi-family parcels and recreational and supporting facilities and which includes commercial parcels and an eighteen hole golf course on the Currituck County Outer Banks of North Carolina., near the Village of Corolla, situated on an approximately 587 acre tract of land that was originally part of the Currituck Shooting Club property.

The "Declarant" shall mean and refer to The Currituck Associates- Residential Partnership, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder.

"Dwelling Unit" or "Dwelling" shall mean and refer to any improved property intended for use and occupancy as one (1) single family dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within The Properties and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached homes, single family attached homes, such as townhouses and condominium units, and patio or zero lot line homes.

"Golf Club" shall mean and refer to The Currituck Club golf course and its related facilities, as well as in general to the club members and the formalized membership plan, the golf course owners, and operators.

"Limited Common Expense" shall mean and refer to the expense of administration, operation, maintenance, repair or replacement of Limited Common Properties or Limited Common Areas which shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment thereof.

"Limited Common Properties" or "Limited Common Areas" shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Dwelling Unit) shown on or designated as Limited Common Properties or Limited Common Areas on any recorded subdivision map of The Properties, and intended for the use of the Owners of particular Lots or Dwelling Units to the exclusion of other Owners and other Members. All property so designated shall be for the exclusive use of the Owners of the Dwelling Units or the Lots so designated on the recorded plats.

"Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit which shall not include garages, carports, porches, patios, breezeways, terraces, or basements.

"Lot" shall mean and refer to any unimproved parcel of land within The Properties which is intended for use as a site for a single family detached dwelling or as a site for a patio home or zero lot line home, as shown upon any recorded subdivision map of any part of The Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved property, i.e., a Dwelling Unit.

"Member" shall mean a member of the Association and shall refer to all Owners in The Properties, as well as all owners of Other Lots or Other Residential Units elsewhere in The Currituck Club.

"Other Lot" shall mean and refer to any unimproved parcel of land outside of The

Properties, but elsewhere in The Currituck Club, which is intended for use as a site for a single family detached dwelling or as a site for a patio home or zero lot line home as shown upon any recorded map of any part of The Currituck Club which is outside of The Properties, with the exception of common areas or limited common areas shown thereon.

"Other Residential Unit" shall mean and refer to any improved property, outside of The Properties, but elsewhere in The Currituck Club, on a single family, patio home or zero lot line homesite, or in a multi-family tract, intended for use and occupancy as a residence.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties, as well as the record owner of fee simple title to any Other Lot or Other Residential Unit elsewhere in The Currituck Club, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all Currituck Club owners interchangeably as semantics dictate throughout this Declaration.)

"Recreational Facilities" shall mean and refer to the area(s), if any, shown and designated as such on any recorded subdivision map of the Properties, and any improvements erected or to be erected upon any such area(s), but specifically not to include those properties and facilities of the Golf Club.

"The Properties" shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Declaration by any Supplemental Declaration(s) under the provisions of Article One of this Declaration.

ARTICLE THREE: GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by two-thirds (2/3) of the Members of the Association has been recorded, agreeing to change said covenants and restrictions in whole or in part; provided, however, that no such agreement to change shall be effective unless proper written notice of the proposed agreement is sent to every Member at least fifty (50) days in advance of any action taken.

Section 2. Notices. Any Notice required to be sent to any Member or Owner, under the provisions of this Declaration, shall be deemed to have been properly sent when hand-delivered or sent prepaid by United States mail to the mailing address of each lot or to any other mailing address designated in writing by the lot owner, or sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the lot owner. Notice to any one of the Owners, if title to a Lot, Other Lot, Dwelling Unit, or Other Residential Unit is held by more than one, shall constitute notice to all Owners of a Lot, Other

Lot, Dwelling Unit or Other Residential Unit

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants and restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

ARTICLE FOUR: ARCHITECTURAL CONTROL

Section 1. Purposes. The Declarant desires to provide for the preservation of the values in The Properties with respect to any Dwelling Unit to be constructed on any Lot constituting a portion of The Properties, and to that end, will establish an Architectural Control Committee in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lot in relation to surrounding structures, natural features and topography.

Section 2. Architectural Control. Unless expressly authorized in writing by the Architectural Control Committee (the "Committee"), no Dwelling Unit, fence, wall, driveway, patio, building or other structure or improvement whatsoever may be constructed, nor any exterior addition or alteration to any Dwelling Unit, fence, wall, driveway, patio, building or other structure or improvement be started, nor any clearing or site work shall be commenced, or maintained upon any Lot, Other Lot or Other Residential Unit in the Properties, until plans and specifications therefore showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor (all of which is hereinafter referred to collectively as the "Plans"), shall have been submitted in triplicate to, and approved in writing, as to harmony of external design and location in relation to any surrounding structures, natural features and topography, by the Committee. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons, which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient. In no event will the Committee approve any Plans in which the Dwelling Unit at the highest point of its roof exceeds 40 feet in height, measured from the finished grade or original grade, whichever grade is lower. The Committee, in the exercise of its discretion, shall not approve the location of a Dwelling Unit or garage or carport on any Lot intended for use as a site for a single family detached dwelling within 25 feet of the front line of such Lot, within 15 feet of the side lines of such Lot, and within 25 feet of the rear line of such lot. For purposes of this Section 2, a single family detached dwelling does not include a patio

home or zero lot line home. Notwithstanding the application of these setbacks, the Committee shall have complete authority to determine the appropriate building site and location for the Dwelling Unit on each and every Lot.

Anything herein to the contrary notwithstanding, the Committee may, when concurred in by the Board (before or after transfer of control by Declarant), or Declarant unilaterally, may vary the building setback lines recited herein, so long as such variance does not cause the revised setback requirement to be less than that set by Currituck County at that time. Any such variance shall be evidenced by a certificate of variance or compliance signed by two (2) of the officers of the Association, in recordable form and filed in the Office of the Register of Deeds of Currituck County.

Section 3. Architectural Control Committee.

(a) Membership. The Committee shall be composed of three (3) or more persons (who must be Members of the Association). The ACC Chair and members shall be appointed by the Board. In the event of death, resignation, or removal by the Board of any member of the Committee, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available to any Owner.

(b) Procedure. At least forty-five (45) days prior to the commencement of any construction, the Plans shall be submitted to the Committee. In addition, at that time the Owner shall also provide to the Committee a completed Residential Building Application and a Client/Builder Registration Form. The Owner shall include with the name of the contractor a statement as to the classification of contractor's license held by such contractor, the address and telephone number of the contractor, the names and telephone numbers of two (2) owners of comparable properties previously constructed by said contractor, and a minimum of two financial references.

Approval shall be subject to any such regulations and architectural standards as may from time to time be promulgated by the Committee. Within thirty (30) days after receipt of the Plans and all other required information, the Committee shall notify the Owner of the Lot or Dwelling Unit in writing as to whether the Plans and the contractor have been approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot or Dwelling Unit and the conditions imposed shall become fully a part of the approved Plans.

In addition to Plan approval, the Committee shall have the right to approve the contractor selected by the Owner of each Lot or Dwelling Unit. A contractor shall be approved if the

contractor has an appropriate North Carolina general contractor's license in good standing, meets the Declarant's current standards for builders, is in good financial standing, has a good reputation in the community and has constructed, to the satisfaction of the Declarant, comparable structures on a regular and routine basis. In addition, prior to any ground disturbing activities commencing on any Lot for construction of an approved Dwelling Unit thereon, the Committee, on behalf of Declarant or the Association (in event control has been transferred to the Association by Declarant) will collect from the Owner or Contractor, a Five Hundred Dollar (\$500.00) or such higher scheduled amount as the Committee shall adopt Infrastructure Protection Fee, such fees to be pooled, held in a proper escrow account, and used by Declarant or the Association, at its unilateral discretion, to replace or repair damage done to any Currituck Club improvement or infrastructure during construction of the Dwelling Unit, or for any other purpose whatsoever related to residential construction impact on, or for the general benefit of the community.

The Committee, may also from time to time, at its sole discretion, require of any contractor a cash or insurance performance bond to guarantee final site cleanup and/or extraordinary road repairs necessitated by the actions of the contractor and his workers and subcontractors during the construction of any improvements on The Properties.

Any Owner of any Lot or Dwelling Unit disagreeing with the finding of the Committee may appeal the decision to the Board by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial. The Board shall then review the Plans, giving the Chairman of the Committee the opportunity to present to the Board specific reasons why the Plans were denied, in the presence of the Owner of the Lot or Dwelling Unit or his agent, and the Owner of the Lot or Dwelling Unit or his agent may present information challenging the findings of the Committee.

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees, will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The approval application fee shall be Two Thousand Five Hundred Dollars (\$2,500.00) or such higher scheduled amount as the Committee shall adopt. The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner of the Lot or Dwelling Unit as provided hereinabove. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot or Dwelling Unit.

All notices required to be given herein to any Member or Owner shall be made in accordance with Declaration Article Three, Section 2, and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. One set of Plans denoted as approved (or approved with specified conditions) shall be retained by the Committee and the other two shall be returned to the applicant. All notices required to be given herein to the Association shall be deemed to have been properly sent when hand-delivered or sent prepaid by United States mail to the mailing address of the Association, or sent by electronic means, including by electronic mail over the Internet, to an electronic mailing address designated in writing by the Association.

(c) Application of the Article. This Article Four shall apply to any additions to the Existing Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.

ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 1. The Architectural Control Committee shall also have the responsibility for enforcing all provisions related to condition and use of existing properties and the use of common properties specified in Article Five.

Section 2. Permissible Uses. No Lot shall be used except for residential purposes (with the exception of any sales center, office, building or model home constructed or used by the Declarant or his Agent). Specifically, no "Model Home" or "Open House" type of operation shall be allowed within the Properties other than with Declarant's explicit written permission, notwithstanding Declarant's right to operate such "Model Home" or "Open House," at its discretion, anywhere within the Properties at any time. No building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit and its accessory buildings, which shall comply with any applicable zoning regulations and the requirements of Articles Four and Five of this Declaration.

In addition, on Lots 1 through 19, Lots 94, 95 and 96, and on Lots 103 through 112, so as to encourage a more conventional residential character of the neighborhood by way of discouraging high-turnover rentals, the Dwelling Units constructed thereon will be limited to a maximum of two rental turnovers in any twelve calendar month period. In the areas of such rental restriction, at any time that the Owners of a minimum of ten (10) such affected contiguous lots shall elect to remove such restriction and thereafter put to record in the Register of Deeds office in Currituck County a proper legal document signed by all of those Owners so demonstrating their decision, then at that time, and forever going forward, such restriction shall be removed from the Lots of those Owners. Subsequent to such a procedure, any other Owner of a rental-restricted Lot contiguous to those Lots that have had the restriction removed may also remove that restriction by individually making a similar recordation with the Currituck County Register of Deeds.

Section 3. Division of Lots: No Time Sharing.

(a) No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by such Owners and provided further that no more than two (2) Dwelling Units may be constructed on the three (3) combined Lots. In event of such a recombination, the sideline setbacks and sideline easements shall be released as to the old interior common sidelines and become applicable to the new common sideline created within the old shared Lot. Any such divided Lot shall be subject to assessment at the improved Lot assessment rate and the liability for that assessment shall be allocated proportionately by acreage to the two Owners (or their successors) who divided said Lot.

(b) No Lot, unit of ownership or ownership interest may be subdivided to permit time

sharing or other devices to effect interval ownership unless approved by the Association subject to conditions which may be imposed by the Association. For purposes of this section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of the law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

Section 4. Water and Sewer Facilities. Water and sewer treatment and services shall be provided to the Properties and to The Currituck Club in general, by a State-licensed and regulated utility company or companies, with fees set and regulated by the North Carolina Utilities Commission. Water and sewer services will be extended to all Lots, Dwelling Units,

Other Lots or Other Residential Units prior to transfer of title of such Lot, Dwelling Unit, Other Lot or Other Residential Unit to the Owner.

All underground waters beneath the property in The Currituck Club are understood to be a part of the available system for disposal of sewer wastewater by the Currituck Club sewer facilities. Owners shall not construct any potable water supply wells on any Lot or commit any act that would interfere with the system; however, it is understood that this easement shall in no way materially interfere with Owner's use of the improvements on the surface.

Section 5. Utilities and Other Easements. All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utilities lines and conduits for the purpose of bringing public or other services, at this time known or unknown, to The Properties on, in, under and over the streets or roads and over any Lot or Other Lot, shown on any recorded plat of The Properties within twenty-five (25) feet of each Lot and Other Lot line fronting on a street, within ten (10) feet along the side lines of each Lot and Other Lot, within twenty-five (25) feet along the rear line of each Lot and Other Lot, and over such other areas as are so identified on any recorded plats of The Properties. In addition, the Association may cut, in the above described easements, as well as anywhere else that such may be required, at its own expense, drainways for surface water: and/or to install underground storm drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, along street fronting property lines, in the twenty-five (25) foot easement hereby reserved, Declarant shall also reserve the right for installation, maintenance and repair of bike and pedestrian paths, street lights and/or street-side landscaping. Also reserved in the thirty (30) feet adjoining the golf course on any Lot will be an easement, and the right to locate and service thereon, shallow wells and underground connections thereto for the purposes of irrigation of the Golf Club and landscape features. In the event of any additions to The Properties, as provided in Article One, by the Declarant or others, the easement created hereby shall exist on the Lots in such additions to The Properties. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add

any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

There is also reserved by Declarant, for itself, and its successor or assigns, and for the State of North Carolina, within The Properties, a perpetual easement to enter any Lot or Other Lot at reasonable times and hours of the day in order to do necessary groundwater monitoring, to include the installation and pumping of groundwater wells, or for the purposes of remediation of groundwater contaminants.

Section 6. Minimum Square Feet in Dwelling Unit. Each Dwelling Unit shall contain a minimum of 2,000 square feet of Living Area. Measurements shall be made to exterior walls.

Section 7. Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Properties at any time, provided, however, that this prohibition shall not apply to shelters or sheds used by contractors during the construction of a Dwelling Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or, except as provided for in Section 17 of this Article Five, be permitted to remain on any portion of The Properties.

Section 8. Committee Approval of Plans and Other Prohibitions.

(a) As provided in Section 1 of this Article Five, no Dwelling Unit, fence, structure, patio, building, appurtenance, attachment, improvement or addition shall be built, constructed or maintained nor shall any alteration, rebuilding or reconstruction commence, unless the Plans therefor have been approved in writing by the Committee and such building or construction is completed in strict accordance with said Plans. In addition, any such Dwelling Unit shall comply with all applicable building, plumbing, electrical and other codes.

(b) No detached garage, storage shed, or carport shall be permitted unless architecturally compatible with the primary Dwelling Unit on the Lot.

(c) No vent or other pipes or appendages may extend from the front of any Dwelling Unit, unless screened from public view by a screening material or shrubbery approved by the Committee.

(d) Any exterior air-conditioning or heating equipment and any natural gas storage facility must be screened from public view by a screening material or shrubbery approved by the Committee.

(e) Downspouts and gutters must be constructed so as not to promote the erosion of the soil of any Lot or Dwelling Unit.

(f) Exterior lighting shall be restrained and subtle and must be directed so as not to shine directly on another Lot or Dwelling Unit or interfere with the quality of the night environment. No exterior lighting other than at entranceways or stairways will be allowed after 11 p.m.

Section 9. Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage (and recyclables, if such a program is in place in Currituck County), and all garbage receptacles, tools and equipment for use on a Lot or Dwelling Unit by any Owner, shall be placed in a screened area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads and neighbors abutting the Lot or Dwelling Unit. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to view. No underground storage tanks for natural gas, chemicals, petroleum products or any other mineral or toxic product will be allowed anywhere in the Properties. Propane tanks may be either above ground or buried in accordance with the then-current Currituck County regulations. No tank may be exposed to view.

Section 10. Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of The Properties, except as is temporary and incidental to the bona fide improvement of any portion of The Properties. Job site debris shall be removed from the Lot (job site) at least semi-weekly.

Section 11. Antennas. No television antennas, radio receiver or sender antenna or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or structure, or placed on any Lot or Common Properties within The Properties; provided, however, that the provisions of this paragraph shall not apply to the installation by the Association of equipment necessary for a CATV and/or mobile-radio system within The Properties. A satellite dish not to exceed eighteen (18) inches in diameter may be installed so long as it is appropriately screened from view (as determined by the Committee).

Section 12. Landscape Plan. As part of the Plans package submitted by a Lot Owner to the Committee for approval of such Owner's Plans for building, there shall be included a comprehensive landscape plan prepared by a landscape architect or other qualified landscape designer or horticulturist (the "Landscape Plan"). Shown thereon, in addition to the scheme for decorative plantings, shall be all of the planned site improvements and modifications, including, but not limited to, major topographic changes and plans for revegetation and restabilization thereof, the location and specifications for all terraces, walkways, driveways, paths, fences, bulkheading, walls, pools, outdoor lighting and the specifications for other fixtures and structures envisioned to be constructed as part of the Landscape Plan.

The Landscape Plan should seek to unite the Dwelling Unit as well as all other structural aspects of the landscape with its setting and should provide for the introduction of plant materials of sufficient size and quantity to create (when first installed) a sense of maturity to the landscape scene.

The budget for decorative plantings should range from two to five percent of the Dwelling's cost, and verification of such a budget must be included with the Landscape Plan Submission.

Section 13. Trees and foliage. Trees measuring three (3) inches or more in diameter, at a

point two (2) feet above ground level, and any flowering trees or shrubs above five (5) feet in height may not be removed from the Properties without the written approval of the Committee, unless located within ten (10) feet of a Dwelling Unit, or site for such Dwelling Unit, or in the path of driveways and walkways located or to be located on any Lot. Excepted herefrom shall be damaged trees or trees which must be removed because of an emergency. The removal of any such unapproved tree or shrub, without permission from the Committee, shall require replacement in kind and be paid for by the Property Owner responsible for the violation. In the event that the tree or shrub cannot be replaced in kind (i.e. the tree or shrub that has been removed without authorization was larger than feasible to replace or is unavailable in the trade) then, in that event, the responsible Property Owner may be assessed by unanimous vote of the Board a fine up to Five Hundred Dollars (\$500.00) for each violation, each tree or shrub being a separate violation.

Section 14. Unsightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly or un-kept conditions to exist on his Lot, Dwelling Unit, or grounds which shall tend to decrease the beauty of the Properties, specifically or as a whole. During the construction of any improvement to a Lot in the Properties, the Lot, roads, bike paths, landscaping and Common Areas adjacent thereto shall be kept in a neat and orderly condition so as not to cause an unsightly condition to exist or damage to occur. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the Lot and adjoining areas as specified herein or to allow damage to occur and such failure continues or damage remains un-repaired for seven (7) days following the delivery of written notice thereof from Declarant or the Board, Declarant or the Board shall have the right, exercisable in its sole discretion to summarily abate any unsightliness, make needed repairs and to remove any rubbish, refuse, unsightly debris and/ or growths from the Lot and adjoining area. In the event the Declarant or the Board, after such notice, causes the subject work to be done, the costs of such shall be reimbursed by the Owner to the Declarant or the Board and will become a continuing lien on the Lot until paid.

Section 15. No Offensive Activity or Fires. No noxious or offensive activity or excessive noise shall be carried on upon any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof in any portion of The Properties. Fires on any Lot or Dwelling Unit or on any portion of the Common Properties are prohibited unless procedures adopted by the Board are strictly followed.

Section 16. Certain Plants, Animals and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of another Lot or Dwelling Unit Owners, or tenants and guests thereof, may be maintained on a Lot or in a Dwelling Unit. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or in any Dwelling Unit, except that a reasonable number, but no more than three, dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. At no time will any household pets be allowed to run free, and at all times when off the Owner's Lot, such

household pets will be on a leash.

Section 17. Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within The Properties is prohibited unless required for public safety.

Section 18. Motorized Vehicles Prohibited Parking. All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the roads within The Properties. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any street right-of-way or on any Lot or on any portion of the Common Properties overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of this Declaration. In addition, each Owner shall provide as a part of his Dwelling Unit or as a part of an accessory building thereto an enclosed garage or other suitable approved enclosure for the parking, out of public view of two full sized automobiles.

Section 19. Signage. No "For Sale" or "For Rent" signs or other signs of any kind shall be displayed in public view on any Lot, Dwelling Unit, facility, appurtenance, short or long term parked vehicle, accessory building or structure unless approved by the Declarant, who shall also from time to time provide design criteria and color schemes for approved signage. Notwithstanding the foregoing, the Declarant shall have the right to locate sign or signs indicating the location of sales and rental centers, identify model homes or living units and their builder, any Recreational Facilities and such other informational signs of any type as may be necessary or desirable, in Declarant's sole opinion, to facilitate Declarant's plans for development and sales at The Currituck Club.

Section 20. Payment of Joint Walkways. Any joint walkway (Limited Common Properties) shown on any recorded subdivision map of The Properties, if and when improved, shall be improved and maintained by the Owners of the Lots on which such joint walkway abuts.

Section 21. Vegetation. No existing vegetation or sand dunes shall be disturbed during construction without the express written consent of the Committee. The Committee shall require written proposals for the restabilization of any such disturbed area. Any vegetation disturbed during construction shall be repaired to the satisfaction of the Committee prior to the Owner applying for an occupancy permit from Currituck County or the appropriate municipal body. This shall not prevent or limit in any way the Declarant from engaging in such earthmoving, clearing, mowing, and pruning activities as are necessary to affect the overall plan of development.

Section 22. Mail and Delivery Boxes. The Committee shall determine the standards and issue guidelines for the location, material, color and design for mail and newspaper boxes, if any, and the manner in which they shall be identified. All Owners must display the County-assigned street address on their mail boxes, or other appurtenance, pursuant to the then current regulations of Currituck County.

Section 23. Residential Lot Coverage. In compliance with The Currituck County Unified

Development Ordinance limitations, no more than twenty-five percent (25%) of any Lot shall be covered by principal and accessory structures, excluding parking areas and driveways. An additional fifteen percent (15%) of the Lot may be covered by walkways, pools or uncovered decks or patios. ("This covenant also insures continued compliance with storm water runoff rules adopted by the State of North Carolina and thus may be enforced by the State of North Carolina.)

Section 24. Fences. Fences are subject to the complete jurisdiction of the Committee as to location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the Owner of a Lot or Dwelling Unit, no fence shall be allowed along any Lot or Dwelling Unit property line or closer to any water course or the Golf Course than lies the nearest residential structure thereto. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing, does not detract from the reasonable value of any Lot or Dwelling Unit and does not unreasonably impede the view of any water course, the golf course, or other attractive feature from any other Lot or Dwelling Unit.

Section 25. Docks and Piers. No docks, piers, or elevated or suspended walkways of any kind or any other man-made structure whatsoever, shall be constructed in or out over Currituck Sound or any lake, pond, waterway, marsh, off-property wetland, other water course, Common Properties, or any other place, by anyone other than the Declarant. To the extent that any of such are constructed by the Declarant, the Declarant may limit the time or nature of the use of the same. The Owner of any Lot, Other Lot, Dwelling Unit or Other Residential Unit abutting Currituck Sound shall neither have nor acquire any riparian rights with respect thereto. No riparian rights shall be acquired by any Owner whatsoever.

Section 26. Driveways. All driveways, guest parking and turnabouts will be of non-porous materials; and special materials, surface treatments and/or accents will be required by the Committee.

Section 27. Certificate of Completion. Prior to occupancy of any Dwelling Unit, the Owner must first notify the Committee in order that an inspection be made by a representative of the Committee to see that all aspects of the Plans have been completed. Only the Landscape Plan will be allowed to be completed after occupancy. On inspection and finding that all aspects of the Plans have been completed, the Committee will issue to the Owner a "Certificate of Completion" and the Owner can occupy the Dwelling Unit.

Section 28. Energy and Water Saver Construction. Every Dwelling Unit or Other Residential Unit will be built to achieve the highest current level of energy and water saving standards.

Section 29. Timely Completion. When construction of any Dwelling Unit, structure, improvement, or addition thereto has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. It is a requirement that Dwelling Units under construction in The Properties be "dried-in" with exterior finishes installed (roofing, windows and finish siding and trim in place) within one hundred twenty (120) days of starting construction and that all phases of work, including execution of the Landscape Plan, be complete within one year of Committee approval. In the event that completion should be delayed beyond one year from Committee approval, then in that event, the Committee, may, so long as the Owner is

notified within thirty days of the one year period expiring, by way of unanimous vote of its Members, rescind the existing approval and require that the Owner reapply and seek new approval.

ARTICLE SIX: MEMBERSHIP, VOTING RIGHTS IN THE ASSOCIATION, RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Dwelling Unit in The Properties as well as every person who is Owner of any Other Lot or Other Residential Unit in The Currituck Club is subject by this and any other declarations to all rights, responsibilities and assessments of the Association and shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights. The Association shall have two (2) classes of voting memberships:

(a) Class I. Class I Members shall be all Owners of Lots or Dwelling Units within The Properties as well as all Owners of Other Lots or Other Residential Units in other sections of The Currituck Club, other than the Declarant. In the case of multiple ownership of any property, those multiple Owners shall be treated collectively as one Owner. Any Class I Members shall be entitled to one and one-half (1 ½) votes for each Dwelling Unit or Other Residential Unit which he owns. The Owner of a Lot in The Properties upon which a Dwelling Unit has not been constructed, or the owner of any Other Lot in The Currituck Club, shall be entitled to one (1) vote for each Lot or Other Lot which he owns. It is the intent of this provision that so long as a property qualifies as a Lot or Other Lot, by virtue of the fact that improvements have not been constructed thereon, the owner thereof, as a Member, shall have only one (1) vote, but once the improvements are constructed (the improvements shall be deemed to be “constructed” upon obtaining an occupancy permit from Currituck County or other applicable authority) the Lot or Other Lot loses its character as a Lot or Other Lot and becomes a Dwelling Unit or Other Residential Unit, and the Owner thereof shall have a total of one and one-half (1 ½) votes for the ownership of each Dwelling Unit or Other Residential Unit.

(b) Class II. The Class II Member shall be the Declarant, who shall be entitled to six (6) votes for each Lot or Dwelling Unit owned by it within The Properties, and for each Other Lot or Other Residential Unit owned by it in other sections of The Currituck Club (including any additions to the Existing Property). The Class II Membership shall cease and be converted to Class I Membership on the happening of the first to occur of the following events:

- (i) Declarant has sold and closed the sale of all lots within the Properties; or
- (ii) December 31, 2011

Section 3. Rights and Responsibilities of the Association. Subject to the rights of Owners and Declarant as set forth in this Declaration, the Association has exclusive management and control of the Common Properties and all improvements thereon and all furnishings, equipment and other personal property relating thereto.

The Association's duties with respect to such Common Properties include, but are not

limited to, the following:

- (a) maintenance of the Common Properties;
- (b) management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, equipment and personal property constituting part of the Common Properties or located upon the Common Properties so as to keep all of the foregoing in good, clean, attractive, sanitary, safe and serviceable condition, order and repair;
- (c) all landscaping of the Common Properties;
- (d) maintenance of adequate public liability, property casualty or hazard insurance for the benefit of the Association with respect to the Common Properties;
- (e) payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Properties;
- (f) management, operation, maintenance, repair, servicing, replacement and renewal of all streets and roads within The Properties and all improvements thereon; provided, however, that following any irrevocable acceptance of the streets and roads for maintenance as public rights of way by applicable governmental entities, the maintenance obligations of the Association for the streets and roads shall only be to the extent such activities are not performed by the applicable governmental entities; and
- (g) maintenance of the Beach Access so long as it remains part of the Common Properties.

The Association will also provide other services such as, but not limited to, security services or devices, including but not limited to operation of the entry guard house and any other security gates, security personnel and overall traffic control as and to the extent the Association deems appropriate.

The Association may obtain and pay for the services of any personnel to manage its affairs to the extent the Board deems advisable, as well as such other personnel as the Board determines is necessary or desirable, whether such personnel are furnished or employed directly by the Association or by any person with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Properties or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.

The Association may acquire, hold, and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Association's Articles of Incorporation and Bylaws.

The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Properties, which

rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of The Properties.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within The Currituck Club to provide services in or perform services on behalf of such other associations, neighborhoods or clubs.

ARTICLE SEVEN: PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article Seven, every Member shall have a right and easement of enjoyment in and to all of the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot or Dwelling Unit in The Properties, as well as every Other Lot and Other Residential Unit in other sections of The Currituck Club.

Section 2. Title to Common Properties. The Declarant may retain the legal title to any Common Properties shown on any recorded plat of the Properties, until such time as it has completed improvements, if any, thereon and until such time as Declarant so wishes and/ or, in the opinion of the Declarant, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors and assigns, that it shall convey, and upon such conveyance the Association shall except [sic], any such Common Properties to the Association not later than December 31, 2011.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created herein shall be subject to the following:

(a) the right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any recorded plat of the Properties and/or The Currituck Club;

(b) The right of the Association as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member (or his guest or tenant) for any period during which any assessment of that Member remains unpaid, and for any period any infraction of any published rules and regulations adopted by the Board remains unresolved.

(c) the right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Properties; and

(d) the right of the Association to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication, transfer, or determination as to the purposes or as to the conditions

thereof, shall be effective unless fifty-one percent (51%) of the votes of Members entitled to vote, at a Special Meeting of the Members called in accordance with the Bylaws (any consents in writing presented to the Secretary or other officer of the Association at or prior to such meeting shall constitute votes of Members), consent to and approve of such dedication, transfer, purpose or condition. (If so agreed to and approved by the Members, such dedication and transfer, specifying the purposes(s) and condition(s) thereof shall be executed by the President and Secretary of the Association with the same formalities of a deed and recorded in the Office of the Register of Deeds of Currituck County.)

The rights of Members of the Association shall in no way be altered or restricted because of the location of Common Properties in any additions to The Properties in which such Member is not a resident. The use of Common Properties belonging to the Association shall be a membership entitlement.

Section 4. Driveway Culverts. Each Owner, if required by the Committee as a condition to approval of his Plans, when making a driveway connection to the street or to a cul-de-sac, will provide a suitable drainage culvert so as to allow for unimpeded water movement along the existing roadway swale, and will maintain that culvert at all times in such a way that it does not become an eyesore or disturb the desired drainage patterns in the swale system.

Section 5. Stormwater Management Improvements. The Association, after such time as the Declarant no longer owns any of the Common Properties in The Currituck Club, will be responsible for maintenance of any stormwater management swales, channels, and check dams and to see that each Owner installs and maintains his driveway culvert in accordance with Section 4 of this Article Seven. Such maintenance shall include removal of sediments within the swales and channels, restabilization of the swales and channels as needed, check dam repairs, flushing of driveway culverts and maintenance of the vegetation cover as necessary.

Section 6. Private Roads. In the development of The Properties, the Declarant may construct certain private streets or roads within The Properties connecting parcels of The Properties to public rights of way. The Owners of Lots, Dwelling Units, Other Lots or Other Residential Units shall have no more than an easement for ingress and egress for themselves, their tenants, agents, employees, representatives, invitees and assigns over such private streets and roads, and there shall be no public rights of any kind therein, unless approved by the Members in accordance with the provisions of Section 3 of this Article Seven. Declarant reserves the right to name and revise from time to time the names or other designations given to such private streets or roads.

ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Member, other than the Declarant, who is the owner of any Lot, Dwelling Unit, Other Lot or Other Residential Unit, by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay, as limited below, to the Association:

- (a) annual assessments or charges as herein or in the Bylaws provided;

(b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided); and

(c) any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses. (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the Bylaws.

The annual and special assessments of an Owner and any liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot, Dwelling Unit, Other Lot or Other Residential Unit against which each such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment fell due.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of The Properties and other Members, and in particular for:

(a) improvement, maintenance, and replacement of any of the Association's Common Properties including, without limitation, the Recreational Facilities and payment of the Common Expenses;

(b) maintenance of exterior of Dwelling Units and Other Residential Units and related improvements on Lots in The Properties, as well as Other Lots within The Currituck Club, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Article Nine, Sections 1 and 2 of this Declaration;

(c) establishment of capital replacement reserves; and

(d) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Properties, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Properties, the procurement and maintenance of insurance related to those Common Properties, its recreational facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within The Properties and Other Lots or Other Residential Units in the other areas

of The Currituck Club, within the category or form of ownership applicable to such property. There will be no difference between assessments as to Lots or Other Lots, except to the extent Limited Common Properties are located on a Lot(s) or Other Lot(s) within The Currituck Club (but outside The Properties), or between assessments as to Dwelling Units or Other Residential Units. In addition, the Owner(s) of some Dwelling Unit(s) may be subject to an assessment for the maintenance, improvement and replacement of any Limited Common Properties located on or adjacent to the Lot or Other Lot on which such Dwelling Unit or Other Residential Unit is located.

Section 4. Application of Minimum and Maximum Assessment. The minimum regular annual assessment, as set forth in the schedule below, shall be levied by the Association unless the Board, by majority vote, determines that the important and essential functions of the Association may be properly funded only by an assessment above the minimum but not more than the applicable maximum regular assessment, as set forth in the schedule below. If the Board shall levy the applicable minimum assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by the minimum assessment; the Board, by unanimous decision, may levy a supplemental assessment, but in no event shall the sum of the minimum regular and supplemental annual assessment for the year exceed the applicable maximum regular annual assessment.

The regular annual assessment minimum and maximum amounts shall be the sums calculated in accordance with the following schedule as may be increased in each instance by an adjustment for inflation as set forth below.

<u>Minimum Regular Owner Members</u>	<u>Maximum Regular Annual Assessments</u>	<u>Annual Assessments</u>
Per Lot or Other Lot	\$500.00	\$1,000.00
Per Dwelling Unit or Other Residential Unit	\$800.00	\$1,600.00

Commencing with the calendar year beginning January 1, 1998, on the first day of each year, the minimum and maximum regular annual assessments shall automatically be increased unless the Board, by unanimous decision, shall determine otherwise, by five percent (5%) per annum, compounded annually. In the alternative, the Board, by unanimous decision, may determine that the amount of the automatic five percent (5%) increase is inadequate and that the amount of the annual increase should be determined by multiplying the fee paid during the last year just ended by a fraction, the numerator of which shall be the Consumer Price index for All Urban Consumers, All Items - All Cities (1982-84=100), hereafter called the "CPI-U," as determined by the United States Department of Labor for the first month of the current year for which the fee is being adjusted and the denominator of which shall be the index for the first month of the last year just ended. In the event that the CPI-U shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living. The Board may by unanimous decision, after consideration of current costs and future needs of the Association, fix the regular annual assessment for any year at an amount less than the applicable minimum regular annual

assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full minimum regular annual assessment in subsequent years.

Section 5. Special Assessments for Capital Improvements. In addition to the regular annual assessments authorized by Section 4 of this Article Eight, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including, without limiting the generality thereof, any lake, waterway, or pond) located upon the Association's Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for Special Meetings.

Section 6. Change in Minimum and Maximum Amount of Annual Assessments. Subject to the limitations of Section 4 of this Article Eight and for the periods therein specified, the Association may change the maximum amount and the minimum amount of the regular annual assessments fixed by Section 4 of this Article Eight prospectively for any such period provided that any such change shall have the consent of two-thirds (2/3) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for Special Meetings; provided further, that the limitations of Section 4 of this Article Eight shall not apply to any change in the maximum amount and the minimum amount of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized by law to participate or as an incident to any (a) additions to The Properties under Article One, Section 2 or (b) submission pursuant to Article One, Section 2 of this Declaration.

Section 7. Quorum for any Action Authorized Under Sections 5 and 6. The quorum required for any action authorized by Sections 5 and 6 of this Article Eight shall be as follows:

At the first meeting called, as provided in Sections 5 and 6 of this Article Eight, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Sections 5 and 6 of this Article Eight, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than fifty (50) days following the preceding scheduled meeting.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The regular annual assessments provided for herein shall be paid (as determined by the Board) in quarterly, semiannual, or annual installments. The payment of the regular annual assessment by Owners shall commence as to each Lot, Dwelling Unit, Other Lot or Other Residential Unit, on the first day of the month following the conveyance of that property by the Declarant, but no earlier than January 1, 1996. The first regular annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment at least fifteen (15) days in advance of each regular annual assessment period. Written notice of

the regular annual assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific assessment has been paid. Such properly executed certificate of the Association as to the status of the assessment is binding upon the Association as of the date of its issuance.

The first assessments levied against any additions to The Properties not now subject to assessment, at a time other than the beginning of any assessment period, shall be an amount which bears the same relationship to the regular annual assessment provided for in Section 4 of this Article Eight as the remaining number of months in that year bear to twelve.

The due date of any special assessment under Section 5 of this Article Eight or any other assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such assessment.

Section 9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the assessment or assessments against each Member, for each assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the assessment or assessments thereupon shall be sent to every Member subject thereto.

Section 10. Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner, The Lien, Remedies of Association. If the assessments of an Owner are not paid within ten (10) days following the date due (being the dates referred to in Section 8 of this Article Eight), then such assessments shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s) which shall bind such Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s), in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot, Dwelling Unit, Other Lot or Other Residential Unit) unless expressly waived by the Board.

If the assessment(s) is not paid within thirty (30) days after the delinquency date, the assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half (1 ½) percent per month and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s), and there shall be added to the amount of such assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of the action.

Section 11. Subordination of the Lien on an Owner's Property to Mortgages or Deeds of Trust. The lien on an Owner's property of the assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s), subject to assessment. The subordination shall not relieve any Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s) from liability for any assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded.

Section 12. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

- (a) all Common Properties as defined in Article Two of this Declaration; and
- (b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provisions of this Section 12, no Lot, Dwelling Unit, Other Lot or Other Residential Unit shall be exempt from said assessments, charges or liens.

Section 13. Declarant's Obligations for Assessments. Prior to January 1, 2007, the Declarant's obligation for assessments on unsold Lots, Other Lots, Dwelling Units or Other Residential Units subject to this Declaration will be limited to the difference between the actual operating costs of the Association, excluding reserves on the Common Properties, and the assessments levied on the existing Members other than the Declarant. In no event, however, will the Declarant be required to make a deficiency contribution in any amount greater than it would otherwise be liable for if it were paying assessments on unsold Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s) owned by Declarant. After December 31, 2006, Declarant shall pay assessments as would any other Owner for each Lot, Dwelling Unit, Other Lot or Other Residential Unit owned by the Declarant.

ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE

Section 1. Exterior Maintenance. After thirty (30) days written notice to an Owner specifying any required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot or Other Lot and (b) maintenance upon any Dwelling Unit or Other Residential Unit, which is subject to assessment under Article Eight hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, and exterior improvements on any Dwelling Unit or Other Residential Unit. Such maintenance as to a vacant Lot or Other Lot may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

Section 2. Assessment of Cost of Exterior Maintenance. The cost of any such maintenance

shall be assessed against the Lot, Dwelling Unit, Other Lot or Other Residential Unit upon which such maintenance is done and shall be added to and become part of the regular annual assessment or charge to which such Lot, Dwelling Unit, Other Lot or Other Residential Unit is subject and, as part of such regular annual assessment or charge, it shall be a lien against any such Lot, Dwelling Unit, Other Lot or Other Residential Unit, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

Section 3. Insurance on Dwelling Units. Each Owner of a Dwelling Unit or Other Residential Unit within The Properties, by acceptance of a deed therefor, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

(a) to keep each Dwelling Unit or Other Residential Unit insured against loss by fire or other casualty, with extended coverage insurance, in an amount equal to at least ninety percent (90%) of the replacement cost of such Dwelling Unit or Other Residential Unit;

(b) to name the Association as an additional insured "as its interest may appear," so that the Association shall be entitled to receive notice of cancellation of such insurance policy;

(c) to build or restore such Dwelling Unit or Other Residential Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit or Other Residential Unit;

(d) to keep the Dwelling Unit or Other Residential Unit in good repair as required by this Declaration or by the Bylaws; and

(e) to maintain public liability coverage of at least One Hundred Thousand Dollars (\$100,000) on each Dwelling Unit, Lot, Other Lot or Other Residential Unit.

In the event of non-payment of any premium for insurance required under this Article Nine, the Association is authorized, but not obligated or required, to pay such premium and the sum so paid shall become a lien upon the Lot, Other Lot, Dwelling Unit or Other Residential Unit enforceable in the same manner and to the same extent as provided for enforcement of liens for assessments hereunder.

ARTICLE TEN: RECREATIONAL FACILITIES

The Declarant intends to construct one (1) swimming pool and two (2) tennis courts within the Common Properties (Recreational Facilities) constituting a portion of the Existing Property, as shown on a recorded plat of The Properties (the "Present Recreational Facilities"). These Present Recreational Facilities will be provided for the benefit of all Owners of Lots or Dwelling Units, Other Lots or Other Residential Units, their tenants and guests within the Existing Property and, at the sole option of Declarant, to other owners of Lots or Dwelling Units within other additions submitted to this Declaration, their tenants and guests, and shall be maintained, as part of the Common Properties out of assessments imposed on all Owners who have the right of access to and the use of the Present Recreational Facilities in accordance with the provisions of Article Eight. Owners of Lots in additions to the Existing Property may have the right, as and to

the extent designated by the Declarant, to use the Present Recreational Facilities, provided they pay assessments for maintenance equal in amount to that paid by Owners of Lots or Dwelling Units within the Existing Property. Nevertheless, the Board shall have the right to form an affiliated association (the "Operator") which may be a separate corporation or a division of the Association and assign to it the responsibilities of maintenance and operation of the Present Recreational Facilities, and any other Recreational Facilities on a non-profit basis and upon such terms and conditions, not inconsistent herewith, as the Board may deem reasonably necessary. The Operator shall maintain and operate such portions of all Recreational Facilities as are designated to be maintained and operated by such Operator for the benefit of every Owner in good standing with the Association. The Association (by action of its Board) or the Operator, as the case may be, may charge dues and membership fees sufficient to defray operating costs and require that current payments be made in order for any Owner to enjoy the use of the present Recreational Facilities and any other Recreational Facilities. The Operator or the Board, as the case may be, may also permit use of any such Recreational Facilities by non-owners and non-residents of The Properties upon payment of required dues or membership fees, including without limitation an initiation fee. The Operator may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony and preservation of any such Recreational Facilities. The Association reserves the right to revoke an assignment made by it to an Operator and to assume the operation of any such Recreational Facilities, on a membership basis, and to impose special fees, charges or assessments against the Owners with respect thereto. The cost of the management, operation, maintenance, repair, servicing, replacement and renewal of the Recreational Facilities shall be deemed Common Expenses as to all Owners who have the right of access to and use of said Recreational Facilities.

The Declarant may (but shall not be obligated to) construct other recreational amenities (including without limitation additional tennis court(s), pool(s), walking trails, bike paths or open space) in any areas shown as either "Common Area" or "Present Recreational Facilities" on any recorded plat of the Properties.

ARTICLE ELEVEN: AMENDMENT TO DECLARATION

An amendment to this Declaration may be proposed upon a vote of a majority of the Owners (not a majority vote) whether meeting as Owners or by instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners, and there shall be called a Special Meeting of the Owners for a date not sooner than ten (10) days nor later than fifty (50) days from date of notice. It shall be required that each Owner be given written notice of such Special Meeting, stating the time and place, and reciting the proposed amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, certified with return receipt requested, addressed to the Owner at his address as it appears on the records of the Association, the postage thereon prepaid. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the votes (with the votes being calculated-as provided in Article Six, Section 2) of Owners (including the Declarant) entitled to

vote in order for such amendment to become effective. At any meeting held to consider such amendment, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. In order for such amendment to be binding upon all the holders of mortgages or deeds of trust against any Lot, Dwelling Unit, Other Lot or Other Residential Unit, written consent must be obtained from the then existing (as of the date of the meeting of Owners which approved such amendment) holders of First Lien Mortgages or Deeds of Trust encumbering fifty-one percent (51%) of the Lots, Dwelling Units, Other Lots, or Other Residential Units in The Properties encumbered by First Lien Mortgages or Deeds of Trust. If such consent is so obtained, the amendment shall be binding on all the holders of mortgages or deeds of trust encumbering Lots or Dwelling Units in The Properties. If so approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association as having been duly adopted and approved by the requisite percentage of Owners and lenders. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Currituck County, and no such amendment to this Declaration shall be effective until so recorded. If any amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

There shall not be allowed any Owner/Member-initiated amendments to this Declaration for a period of five (5) years from the effective date hereof; and in addition, no Owner/Member-initiated amendments may ever be made to Articles 13 or 14 without consent of the then-owner of The Currituck Club Golf Course, and no Owner/Member-initiated amendments may be made for any reason to Article Five, Sections 1-29; Article Eight, Section 13; and Article Twelve, prior to December 31, 2011, without the Declarant's prior approval. The above limitations shall in no way limit or diminish Declarant's rights to make amendments to any part of the Declaration under the powers reserved in Section 2. below.

ARTICLE TWELVE: BEACH ACCESS AND BEACH CLUB

Section 1. Beach Access. The Declarant intends to provide a beach accessway at the south end of The Properties. The beach accessway will be accomplished by way of using a part of the "100' Ocean Access Easement" parcel shown on the approved "Amended Sketch Plan" master plan dated June 16, 1995, for a private drop-off area and for limited parking. This drop-off/limited parking area will be tied by sidewalk to the Currituck County-owned beach access and bath house facility, which will also be available to the general public at the extreme northern end of the Pine Island P.U.D., adjacent to the drop-off/limited parking area.

This drop-off/limited parking area will be provided for the benefit of all Members, their tenants and guests, and shall be maintained as a part of the Common Properties, out of assessments imposed on all Members in accordance with the provisions of Article Eight. The Board may impose reasonable rules and regulations regarding the use of the drop-off/limited parking area to insure proper maintenance, accessibility and safety.

Section 2. Beach Club. Declarant may seek an arrangement with Turnpike Properties, Inc., the owner and operator of the proposed Pine Island Beach Club or with another similar facility nearby, whereby Owners will have the privilege and option of becoming members of that Club or

facility. In the event that such arrangement is put in place each Owner of a Lot, Dwelling Unit, Other Lot or Other Residential Unit who opts for membership in the Beach Club may use and enjoy the facilities of the Beach Club as the same may exist from time to time expressly subject to and contingent upon the continued compliance by such Owner with such bylaws, rules and regulations as the Beach Club may adopt from time to time, and the payment of the initiation fee and annual membership fees and other such fees occasioned solely by the use of the facilities of the Beach Club by such member, as may be imposed, in the amounts deemed reasonable by the Beach Club and applicable, generally, to the entire membership for any particular facility or service.

ARTICLE THIRTEEN: GOLF COURSE

Section 1. Risks. The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit acknowledges that owning property adjacent or in close proximity to a golf course involves certain risks which may have an effect on the use or enjoyment of such Lot, Dwelling Unit, Other Lot or Other Residential Unit. Each Owner acknowledges that such risks may include, for example, errant golf balls hit onto such property potentially causing bodily injury to persons or physical damage to property, and further including golfers entering onto such property to look for such errant golf balls. Each Owner hereby expressly assumes such risks and agrees that neither Declarant nor any other entity owning or managing the golf course shall be liable to any Owner or anyone claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise relating to the proximity of any Lot, Dwelling Unit, Other Lot or Other Residential Unit to the golf course; including, without limitation, any claim arising in whole or in part from the alleged negligence of Declarant or any other entity owning or managing the golf course. The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit hereby agrees to indemnify and hold harmless Declarant or any other entity owning or managing the Golf Club against any and all claims by the Owner and his guests, invitees or licensees with respect to the above. Nothing in this paragraph shall restrict or limit any power of Declarant or any other entity owning or managing the Golf Club to change the design of the golf course, and such changes, if any, shall not nullify, restrict or impair the covenants and duties of any Owner herein.

Section 2. Easements. Every Lot, Dwelling Unit, Other Lot and Other Residential Unit is burdened with an easement permitting authorized golfers to do every act necessary and reasonably incident to the playing of golf on the golf course adjacent to the Lot, Dwelling Unit, Other Lot or Other Residential Unit, as well as an easement permitting golf balls to enter upon the Lot, Dwelling Unit, Other Lot or Other Residential Unit and for golfers at reasonable times and in a reasonable manner to enter upon the exterior portions of the Lot, Dwelling Unit, Other Lot or Other Residential Unit to retrieve errant golf balls; provided, however, if any Lot, Dwelling Unit, Other Lot or Other Residential Unit is fenced or walled as approved in accordance with this Declaration by the Association, the golfer shall seek the Owner's or occupant's permission before entry. Declarant shall use its best efforts to have the entity managing or operating the Golf Club to conspicuously denote any such property on any Lot, Dwelling Unit, Other Lot or Other Residential Unit as out of bounds. Every Owner of every Lot, Dwelling Unit, Other Lot or Other Residential Unit by acceptance of delivery of a deed to the Lot, Dwelling Unit, Other Lot or Other Residential Unit assumes all risks associated with errant

golf balls, and each such Owner agrees and covenants not to make any claim or institute any action whatsoever against Declarant, the golf course designer, the Golf Club operator or any other party relating to the design and utilization of the golf course or to any golf ball, any damages caused thereby, or for negligent design of the golf course or the siting of the Lot, Dwelling Unit, Other Lot or Other Residential Unit.

Declarant also reserves on behalf of the Golf Club the right to use the necessary and usual equipment upon the golf course, and every Owner acknowledges and accepts the potential for all common noises associated with using such equipment as well as the usual and common noise associated with the playing of the game of golf. Also reserved by Declarant is the right to do all such other common and usual activities associated with and necessary to the operation and maintenance of a golf facility, as well as a non-exclusive easement for ingress and egress over, across, and through all streets in The Properties for access to and from the golf course property to Declarant, its successors and assigns, and the Golf Club, its operators, members and guests.

Section 3. Golf Course Maintenance. There is hereby reserved on behalf of the Golf Club unto Declarant, its respective agents, employees, successors, and assigns, the perpetual, non-exclusive right and easement over and across each Lot and Other Lot and all unimproved portions of each Dwelling Unit and other Residential Unit which are adjacent to the fairways and greens of the golf course. This reserved right and easement shall permit, but shall not obligate, Declarant to go upon any such Lot, Dwelling Unit, Other Lot or Other Residential Unit to maintain or landscape the area encumbered by such easement. Such maintenance and landscaping shall include the planting of grass, watering, application of fertilizer, mowing, and the removal of underbrush, stumps, trash or debris, and trees of less than three (3) inches in diameter at a level of four (4) feet above ground level. The area encumbered by this easement shall be limited to the portion of such Lot, Dwelling Unit, Other Lot or Other Residential Unit within thirty (30) feet of those boundary lines of such Lot Dwelling Unit, Other Lot or Other Residential Unit which is adjacent to such fairways or greens; provided, however, the entire Lot or Other Lot and all unimproved portions of such Dwelling Unit or Other Residential Unit shall be subject to such easement only until the Landscaping Plan for such Lot, Dwelling Unit, Other Lot or Other Residential Unit has been approved as part of the Plans approval process and such Landscaping Plan has been implemented pursuant to Article Four hereof.

Section 4. Distractions. Owners of Lots, Dwelling Units, Other Lots and Other Residential Units adjacent to all golf course fairways and greens, as well as their families, tenants, guests, invitees and pets, shall be obligated to refrain from any actions which would detract from the playing qualities of the golf course. Such prohibited activities shall include, but not be limited to, maintenance of dogs or other pets under conditions which interfere with golf course play due to their loud barking or other actions, running or walking on the fairways or greens, picking up balls, or like interference with play.

ARTICLE FOURTEEN: CURRITUCK CLUB GOLF CLUB MEMBERSHIPS

The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit in The Properties acknowledges that memberships entitling special use privileges at the Golf Club recreational facilities will be offered by the owner of the Golf Club in accordance with such terms and conditions as are established from time to time in the sole discretion of the owner of

the Golf Club. The right to "Classic Membership," the only form of permanent membership in the Golf Club, is created with the purchase of a Lot, Dwelling Unit, Other Lot or Other Residential Unit in The Properties and passes to the new Owner in the event of transfer of title, subject to the limitations set forth below.

Upon closing by the first Owner on the original purchase from the Declarant of a Phase 1 Lot, and in the event that the first Owner was the holder of a valid Priority Reservation Agreement, then that Owner's Initiation Fee as a Classic Member in the Golf Club shall be deemed to have been paid by Declarant, although the membership shall not have been activated, and therefore no dues shall be payable by that Owner. Each such initiation fee-paid first Owner will have twenty-four (24) months from the date of closing on the purchase of the Lot, Dwelling Unit, Other Lot or Other Residential Unit in which to activate his Classic Membership. If activated later than thirty (30) days after closing on the purchase or golf course opening, whichever is later, then in that event an activation fee will be payable, the amount of which shall be set from time to time by the owner of the Golf Club. Once his membership is thereby activated, such first Owner shall become a "Golf Club Classic Member" on the terms and under the rules of membership current at the time (as such rules may be amended from time to time), and will enjoy all the rights and responsibilities, including dues payment, appurtenant thereto.

All other purchasers and Owners in The Currituck Club will qualify for Classic Membership by paying the then-current initiation fee at such time as they wish to join the Golf Club.

Owners shall have no obligation to join the Golf Club; and if a first Owner whose initiation fee was paid by the Declarant should forego activating his Classic Membership in the Golf Club within the allotted twenty-four (24) months from closing on the purchase of the Lot, Dwelling Unit, Other Lot or Other Residential Unit, then such first Owner shall have forfeited his prepaid initiation fee and will be required to pay the then-current initiation fee in order to become a Golf Club Classic Member.

At such time as a Golf Club Classic Member should no longer own property at The Currituck Club, that Member will be required to surrender his Classic Membership. Should such Member wish to remain a member of The Golf Club, he may do so as an Associate member to the extent that there are openings for Associate members at that time with such rights, privileges and responsibilities as are accorded Associate members at the time.

The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit acknowledges that, by purchasing or paying for such property, and/or by acquiring membership in the Association, the Owner does not acquire any vested right or easement, prescriptive or otherwise, other than as a Classic Member, to use the Golf Club nor does he acquire any ownership or other equity interest in the Golf Club.

ARTICLE: CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the

intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE SIXTEEN: SEVERABILITY AND GOVERNING LAW

If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all covenants as contained herein shall be deemed to be severable each from each other without qualification. This Declaration and the separate provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina without regard to principles of conflict of laws.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed under seal as of the date first above written.

The Currituck Associates - Residential Partnership,
a North Carolina general partnership

//s//

Supplemental Declaration for “The Hammocks” as amended*

Section 3

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

[As Amended in 2013]

THE CURRITUCK CLUB THE COTTAGES

This Supplemental Declaration of Covenants, Conditions and Restrictions for The Cottages (the "Supplemental Declaration") is made this 19th day of September, 2006, by CURRITUCK ASSOCIATES-RESIDENTIAL PARTNERSHIP, a North Carolina general partnership, together with its successors and assigns, hereinafter referred to as the "Declarant" and MANCUSO DEVELOPMENT, INC., a North Carolina corporation, together with their successors and assigns, hereinafter referred to as the "Developer" of 501 Old Stoney Road, Suite B, Corolla, North Carolina 27927.

RECITALS

A. The Declarant is the developer of The Currituck Club which development has been governed by that Declaration of Covenants and Restrictions of August 31, 1995 recorded in Book 377 at Page 281 of the Public Registry of Currituck County, North Carolina as amended by supplementary filings in Book 381 at Page 468; Book 388 at Page 569; Book 396 at Page 639; Book 412 at Page 378; Book 416 at Page 807; Book 501 at Page 148; Book 542 at Page 23; Book 586 at Page 228; Book 600 at Page 832; Book 620 at Page 923; Book 632 at Page 507; Book 724 at Pages 50-51; Book 724 at Page 821; Book 737 at Page 785; Book 756 at Page 901; and Book 809 at Pages 585-592 the initial declaration and all supplementary filings hereinafter referred to as the "Declaration."

B. Pursuant to Article One, Section 2, of the Declaration, Declarant has the right to bring within the scheme and operation of the Declaration all or any portions of the real property described in Exhibit "B" of the Declaration, which property includes that subdivision known as "The Cottages."

C. By Agreement of Purchase and Sale dated November 8, 2005, Declarant conveyed to Developer a portion of real property situated within The Currituck Club consisting of approximately 6.12 acres formerly known as the "Inn Site Villa Parcel" subject to Developer's agreement to subdivide the property into residential lots in conformance with that preliminary site plan captioned "The Cottages" dated October 17, 2005 prepared by Beacon Architecture & Design P.L.C. ("The Cottages"). As part of the covenants and conditions of the conveyance of The Cottages from Declarant to Developer, the parties agreed to certain covenants and restrictions including the agreement that The Cottages would be subject to the Declaration of Covenants, Conditions and Restrictions of The Currituck Club as recorded in the Currituck County Public Registry in Book 377 at Page 281 as amended and supplemented and as further amended by this Supplementary Declaration.

D. The Developer has completed the subdivision of The Cottages and now wishes to subject The Cottages to the Declaration of Covenants, Conditions and Restrictions for The Currituck Club subject to exceptions unique to the developmental concept of The Cottages (the "Exceptions") which Exceptions are set forth within this Supplemental Declaration.

E. Declarant and Developer intend for this Supplemental Declaration to inure to the benefit of and pass and run with the property upon which The Cottages are situated, and each and every portion thereof, and to apply to and bond Developer its successors and assigns, and each and every successor in interest who may become an owner of The Cottages or any portion thereof.

NOW THEREFORE, Declarant and Developer declare that the property described in and referred to in Article 1 hereof is and shall be held, transferred, sold and conveyed subject to the Declaration as amended and subject to the Exceptions hereinafter set forth below:

1. REAL PROPERTY AND INTENT

The real property which is, and shall be held transferred, sold and conveyed subject to the Declaration of Covenants, Conditions and Restrictions of The Currituck Club as recorded in Book 377 at Page 281 of the Currituck County Public Registry as amended by supplemental filings is that subdivision known as **The Cottages** as more particularly described on Exhibit "A" (the "Property").

2. APPLICATION OF DECLARATION

All provisions of the Declaration shall be applicable to The Cottages subject to the Exceptions as hereinafter set forth.

3. ARTICLE FOUR: ARCHITECTURAL CONTROL

a. [Deleted]

b. Section 2 Architectural Control is modified by the terms of which the setbacks applicable to The Cottages shall be twenty-two feet from the front lines, ten feet from the rear lines and zero feet from the side lines. There will be twenty feet of separation required between principal structures measured wall to wall.

4. ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANTS AND OWNERS.

The following Sections of Article Five are amended as follows:

a. Section 4 Utilities and Other Easements. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utilities lines and conduits for the purpose of bringing public or other services, at this time known or unknown, to The Properties on, in, under and over the streets or roads and over any Lot or Other Lot, shown on any recorded plat of The Cottages within ten (10) feet of each Lot and Other Lot line fronting on a street, within five (5) feet along at least one side line of each Lot and Other Lot, within ten (10) feet along the rear line of each Lot and Other Lot, and over such other areas as are so identified on any recorded plats of The Cottages.

b. [Deleted]

- c. [Deleted]
- d. Section 17 Motorized Vehicles Prohibited Parking. The requirements set forth in Section 17 which require an enclosed garage for parking two cars out of public view shall not be applicable to The Cottages.
- e. [Deleted]
- f. Section 22 Residential Lot Coverage is hereby modified and superseded by the terms of which The Cottages shall be in conformance with those guidelines set by the Declarant in compliance with the Currituck County Unified Development Ordinance.
- g. [Deleted]
- h. [Deleted]
- i. Section 28 Windstorm Resistance Standards. Section 28 shall not be applicable to the Cottages.
- j. [Deleted]

5. ARCHITECTURAL CONTROL COMMITTEE

[Deleted]

6. RESTATEMENT

Except as modified herein, all provisions of the Declaration as supplemented shall apply to The Cottages and except as hereby supplemented, the Declaration shall remain in full full force and effect in accordance with the covenants, conditions restrictions, terms and provisions therein.

IN WITNESS WHEREOF, the Declarant and the Developer have executed this instrument by authority duly given the day and year below acknowledged.

DECLARANT:

THE CURRITUCK ASSOCIATES-RESIDENTIAL
PARTNERSHIP, a North Carolina general partnership

BY: BODDIE-NOELL ENTERPRISES, INC. A North Carolina
corporation, Managing General Partner

DEVELOPER:

MANCUSO DEVELOPMENT, INC., a North Carolina
corporation

EXHIBIT “A”

Being Lots 1 through 23, inclusive, as shown and delineated on that certain plat entitled “Currituck Cottages, Currituck Club, Phase 11, A 23 Home Community For Mancuso Development,” dated September 13, 2006, prepared by Gloria J. Rodgers, Professional Land Surveyor, and recorded in Plat Cabinet J, Slides 55 and 56, in the office of the Register of Deeds of Currituck County, North Carolina.

**Bylaws of The Currituck Club Property Owners
Association, Inc.**

Section 4

BYLAWS

THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION, INC.

INTRODUCTION

The Bylaws are the corporate operating charter of the Association. The fundamental assets and obligations of Association are the Common Properties, the income from assessments, and the operating responsibilities of The Currituck Club Property Owners Association, Inc., and its Members.

The Bylaws are a part of the contract entered into by the Lot Owners and Residence Owners as Members, with and for the benefit of all other Owners and other Members acting through the Association. This contract is automatically incorporated into the deed by the act of accepting ownership of a Lot. Therefore, the Bylaws are a part of the mandatory regime of the Association.

The Association is incorporated under the non-profit corporation law of the State of North Carolina, and follows its requirements. The Bylaws provide that the management of the Association is completely under the control of the Board of Directors. The Board provides for general guidance and policy and chooses the officers.

Note especially the fact that ARTICLE IX of these Bylaws provides for committees. The active participation of as many Members as possible is the best way to provide for a successful community. It also keeps costs down and the quality of amenities and programs up, by providing volunteer administrative assistance in attending to the myriad details of daily operation. Look over the list, volunteer for a committee and become a part, as well as a Member, of The Currituck Club Property Owners Association, Inc.

ARTICLE XIII covers Insurance. Generally, Owners should obtain their own homeowner's policy covering their Residence and their personal contents. The Owner's homeowners policy then will dovetail into the Association's liability and casualty coverage which covers all Common Properties and any improvements constructed by the Association or the Declarant (the Declarant has no obligation to construct any improvement, other than paved roads or amenities).

The Currituck Club Property Owners Association, Inc., will be similar to a small municipality. The assembling of people and their activities together requires a great deal of detailed organization to avoid conflicts with a minimum of interference from people of differing personalities. It is hoped that the system established by The Currituck Club Property Owners Association, Inc., will minimize disruption and difficulties, to the end that The Currituck Club, with your help and participation, will become a fine and delightful place to live.

BYLAWS

THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I: NAME, SEAL AND OFFICES

Section 1. Name. The name of this corporation is The Currituck Club Property Owners Association, Inc. ("the Association").

Section 2. Seal. The seal of the Association shall be circular in form and shall bear the words CORPORATE SEAL. The Board of Directors may change the form of the seal or the inscription thereon at its pleasure.

Section 3. Offices. The principal office of the of the Association shall be at 619 Currituck Clubhouse Drive, Corolla, NC 27927; and the mailing address for correspondence shall be P.O. Box 213, Kitty Hawk, NC 27949.

ARTICLE II: DEFINITIONS

Section 1. Plan of Ownership. The real property which is located in Currituck County, North Carolina, ("The Properties") and is more particularly described in that certain Declaration of Covenants, Conditions and Restrictions, dated December 14, 1995, (the "Declaration") will be submitted to the provisions of such Declaration by the Declarant (as herein defined) and will be subdivided into Lots, residential and commercial parcels, a golf course, and Common Properties. Each Lot and Dwelling Unit will have a nonexclusive easement of enjoyment over the Common Properties (except as may be limited in the applicable Declaration or noted on any recorded plat of The Properties), and each Lot and Dwelling Unit will be subject to a reciprocal obligation to contribute assessments for the maintenance and operation of the Common Properties and certain exterior improvements on the Lots and Dwelling Units, all in accordance with the applicable Declaration. The Plan of Ownership will be extended to cover additions to The Properties by the submission of any additional real property to a supplemental Declaration of Covenants, Conditions and Restrictions executed and recorded in accordance with Article One of the Declaration.

Section 2. Applicability of Bylaws. The provisions of these Bylaws are applicable to The Properties and to the use and occupancy thereof.

Section 3. Personal Application. All present and future Lot Owners and Dwelling Unit Owners, trust beneficiaries, mortgagees, lessees, and occupants of the Lots or Dwelling Units, their agents and employees, and any other person who may use any portion of The Properties in any manner are subject to these Bylaws, the Declaration, and to the Rules and Regulations established by the Board of Directors as hereinafter provided. The action of accepting a deed, entering a lease or occupying a Lot or Dwelling Unit (as herein defined) shall constitute an

acceptance of the terms and conditions contained in the Bylaws, the Rules and Regulations, and the Declaration, as amended from time to time.

Section 4. Definitions. The following words when used in these Bylaws or any amendment hereto shall have the following meanings:

"Assessment(s)" or "assessment(s)" or "Common Charges" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in The Properties or who are Owners of Other Lots or Other Residential Units within The Currituck Club, as applicable, and the words Assessment(s) or assessment(s) shall have the same meaning as Common Charges, unless the context requires otherwise.

"Association" shall mean and refer to The Currituck Club Property Owners Association, Inc., and "Bylaws" shall mean and refer to the Bylaws of the Association and all amendments thereto.

"Beach Access" shall mean an accessway to the ocean at the extreme southern end of the Properties, composed of a combination of (i) a part of the "100' Ocean Access Easement" parcel shown on the approved "Amended Sketch Plan" master plan, dated June 16, 1995; and (ii) the Currituck County-owned Pine Island beach access facility at the extreme northern end of the Pine Island P.U.D., adjacent to the "100' Ocean Access Easement."

"Beach Club" shall mean and refer to the Pine Island Beach Club, located on the real property owned by Turnpike Properties, Inc., or any other similar facility with which Declarant may secure an arrangement for use by Currituck Club Owners.

"Board" shall mean and refer to the Board of Directors of the Association.

"Bylaws" shall mean and refer to the Bylaws of the Association and all amendments thereto.

"Common Expenses" shall mean and refer to:

(a) expenses of administration, operation, maintenance, repair or replacement of the Common Properties;

(b) expenses declared Common Expenses by the provisions of the Declaration or Bylaws;

(c) expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners of Lots or Dwelling Units in The Properties or of Other Lots or Other Residential Units within The Currituck Club, as applicable, in accordance with the Bylaws or the Declaration; and

(d) any valid charge against the Association or against the Common Properties as a whole.

"Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected) labeled as "Common Properties" or shown as Recreational Facilities, open space, Beach Access, streets, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon) which are a part of The Properties, and as such intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots, Dwelling Units, Other Lots or Other Residential Units.

"The Currituck Club" shall mean and refer to that Planned Unit Development community consisting of single family lots and residences, multi-family parcels and recreational and supporting facilities which includes commercial parcels and an eighteen hole golf course on the Currituck Outer Banks of North Carolina, near the Village of Corolla, situated on an approximately 587 acre tract of land that was originally part of the Currituck Shooting Club property.

The "Declarant" shall mean and refer to The Currituck Associates - Residential Partnership, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder.

"Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions executed by The Currituck Associates - Residential Partnership, a North Carolina general partnership on December 14, 1995, or any Supplemental Declarations which may be filed from time to time in the Office of the Register of Deeds of Currituck County, North Carolina, as applicable.

"Dwelling Unit" or "Dwelling" shall mean and refer to any improved property intended for use and occupancy as one (1) single family dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within The Properties and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached homes, single family attached homes, such as townhouses and condominium units, and patio or zero lot line homes.

"Golf Club" shall mean and refer to The Currituck Club golf course and its related facilities, including the club members and the formalized membership plan, the golf course owners, and operators.

"Limited Common Expense" shall mean and refer to expenses of administration, operation, maintenance, repair or replacement of Limited Common Properties or Limited Common Areas which shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment thereof.

"Limited Common Properties" or "Limited Common Areas" shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Dwelling Unit) shown on or designated as Limited Common Properties or Limited Common Areas on any recorded subdivision map of The Properties, and intended for use by the Owners of particular Lots or Dwelling Units to the exclusion of other Owners and other Members. Any property so designated shall be for the exclusive use of the Owners of the Dwelling Units or the Lots so designated on the recorded plats.

"Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit which shall not include garages, carports, porches, patios, breezeways, terraces, or basements.

"Lot" shall mean and refer to any unimproved parcel of land within The Properties which is intended for use as a site for a single family detached dwelling or as a site for a patio home or zero lot line home, as shown upon any recorded subdivision map of any part of The Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved property, i.e., a Dwelling Unit.

"Manager" shall mean and refer to such individual as may be employed by the Board pursuant to Article VII, Section 3 herein.

"Member" shall mean a member of the Association and shall refer to all Owners in The Properties as well as all owners of Other Lots or Other Residential Units elsewhere in The Currituck Club.

"Other Lot" shall mean and refer to any unimproved parcel of land outside of The Properties, but elsewhere in The Currituck Club, which is intended for use as a site for a single family detached dwelling or as a site for a patio home or zero lot line home as shown upon any recorded map of any part of The Currituck Club which is outside of The Properties, with the exception of common areas or limited common areas shown thereon.

"Other Residential Unit" shall mean and refer to any improved property, outside of The Properties, but elsewhere in The Currituck Club, on a single family, patio home or zero lot line homesite, or in a multi-family tract, intended for use and occupancy as a residence.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all Currituck Club owners interchangeably as semantics dictate throughout these Bylaws.)

"Recreational Facilities" shall mean and refer to the area(s), if any, shown and designated as such on any recorded subdivision map of The Properties, and any improvements erected or to be erected upon any such area(s), but specifically not to include those properties and facilities of the Golf Club.

"The Properties" shall mean and refer to all the Existing Property and any additions thereto as are made subject to the Declaration by any Supplemental Declaration(s) under the provisions of Article One of the Declaration.

ARTICLE III: MEMBERSHIP

Section 1. Members. Every person who is a record Owner of a fee or undivided fee interest in any Lot or Dwelling Unit in The Currituck Club shall be a member of the Association pursuant to the limitations, voting powers, and provisions contained in Article Five of the Declaration.

Section 2. Assessments. Each Member shall be obligated to pay annual and special assessments levied by the Association, pursuant to the provisions contained herein. Such Assessments shall become a lien upon the property against which such assessments are made and the personal obligation of the responsible Member pursuant to Article Eight of the Declaration.

Section 3. Suspension of Membership. The membership rights of any Member, whose membership or interest in The Properties is subject to assessments under Article Eight of the Declaration, whether or not he is personally obligated to pay such assessments, may be suspended by action of the Board during the period when the assessments remain unpaid. Upon payment of such delinquent assessments, the Member's rights and privileges shall be automatically restored. A violation of the Rules and Regulations governing the Common Properties shall give the Board the authority to suspend the rights of a Member (or his guest or tenants) until the violation is resolved and to levy liquidated charges against such Member as provided by Article XI, Section 4 herein, if the Board so chooses.

ARTICLE IV: PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTIES

Section 1. Owner Use. Each Member shall be entitled to the use and enjoyment of the Common Properties and facilities as may be provided by deed of submission and as set forth in Article Six of the Declaration.

Section 2. Non-Owner Use. Any Member may share his particular rights of enjoyment in the Common Properties with the members of his family who reside on his property with him, or delegate said rights to any of his tenants who reside thereon pursuant to such tenant's leasehold interest or rental agreement. On request by the Association, such Member shall provide (i) written notice to the secretary of the Association of the name of any such tenant, and (ii) a copy of said lease. The rights and privileges of such persons are subject to suspension under Article

III, Section 3, of the Bylaws, to the same extent as those of the Member.

ARTICLE V: PURPOSE AND POWERS

The Association shall operate on a not-for-profit basis in accordance with its Articles of Incorporation. The Association will not provide pecuniary gain or profit, direct or indirect, to its Members. The purposes for which the Association was formed are:

Section 1. General. To promote the health, safety, and welfare of the Members of the Association and residents of The Properties, and any additions thereto and to:

(a) own, acquire, build, operate, and/or maintain the guardhouse and any card gates, roads, Recreation Facilities, trails, parking lots, open space, boardwalks, irrigation systems, landscaping, streets, footways, including building structures and personal properties incident thereto, any and all of which is hereinafter referred to as the "Common Properties";

(b) provide exterior maintenance for the Lots and Dwelling Units within The Properties in order to maintain the character of The Properties for the mutual benefit of all the Members;

(c) maintain unkempt lands or trees;

(d) supplement municipal services;

(e) fix Assessments or Common Charges to be levied against the Members;

(f) enforce any and all covenants, restrictions and agreements applicable to The Properties;

(g) pay taxes, if any, on the Common Properties;

(h) provide Recreational Facilities and services to its Members subject to the payment of fees or special assessments therefor (limited to any extra burden imposed by specific requirements of individual users of the facilities); and

(i) insofar as permitted by law to do any other thing that in the opinion of the Board will promote the common benefit and enjoyment of the residents of The Properties and the Members.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within The Currituck Club to provide services in or perform services on behalf of such other associations, neighborhoods or clubs.

Section 2. Dispose of Assets. The Association may mortgage, pledge, hypothecate or otherwise grant any form of security interest in and to its properties or accounts receivable, and/or to dispose of its assets, provided that upon dissolution, the assets shall be dedicated to an agency or utility to be devoted to purposes, as nearly as practicable, the same as those to which they were devoted by the Association. In the event that such dedication is not practicable, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the recorded covenants and deeds applicable to The Properties made in accordance with the provisions of such covenants and deeds.

Section 3. Addition to The Properties and Memberships. Additions to The Properties may be made only in accordance with the provisions of the recorded covenants and restrictions applicable to The Properties. Such additions, when properly made pursuant to the applicable covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to such properties.

Section 4. Mergers and Consolidations. Subject to the provisions of the recorded covenants and restrictions applicable to The Properties and to the extent permitted by law the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided however, any such merger or consolidation shall require the assent of two-thirds (2/3) of the Members eligible to vote who are voting in person or by proxy at a meeting duly called for such purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance of the meeting and shall set forth the purpose of the meeting.

Section 5. Mortgages: Other Indebtedness. The Association shall have the power to mortgage or grant deeds of trust (hereinafter referred to as "mortgages") on the Common Properties only to the extent authorized in this Section 5.

The total debts of the Association including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2) years annual Assessments established at that time, provided however, authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds (2/3) of the Members eligible to vote who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to Members at least thirty (30) days in advance of the meeting and shall set forth the purpose of the meeting.

Section 6. Dedication of Properties or Transfer of Function to Public Agency or Utility. The Association shall have the power to dispose of the Common Properties only as authorized under the Declaration and all other recorded covenants and restrictions applicable to said properties.

Section 7. Dissolution. The Association may be dissolved only with the assent given in writing and signed by two-thirds (2/3) of the Members entitled to vote. Written notice of a proposal to dissolve setting forth the reasons therefor and the disposition to be made of the assets (which shall be consistent with Article V, Section 8 hereof) shall be mailed to every Member and mortgagee no less than ten (10) but no more than fifty (50) days in advance of any action taken.

Section 8. Disposition of Assets Upon Dissolution. Upon dissolution of the Association, the assets, both real and personal, of the Association, shall be dedicated to an appropriate agency or association to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

ARTICLE VI: MEMBERS

Section 1. Eligibility. Membership in the Association shall be governed by the provisions of Article 6, Section 1 of the Declaration.

Section 2. Voting. Voting shall be governed by the provisions of Article 6, Section 2 of the Declaration. A majority of the total votes cast at a meeting at which a quorum is present shall be binding upon all Members for all purposes except when a higher percentage is required by the Bylaws, Declaration or applicable law.

Section 3. Votes in the Event of Multiple Ownership. In the event a Lot or Dwelling Unit is owned by more than one person, and such persons cannot agree upon the exercise of their right to vote pursuant to these Bylaws, each person shall have a fractional vote based upon his share of ownership of the property. A co-owner of a property may permit the other co-owner of the property to vote his interest by furnishing the other co-owner with a written proxy. In the event a co-owner is absent from the meeting, a vote made on behalf of a whole lot or dwelling unit cast by a co-owner shall be held to be by valid proxy of the absent co-owner, unless challenged at the time the vote is cast.

Section 4. Annual Meetings. Annual meetings shall be held on the Saturday closest to the day on which Columbus Day is officially observed. At each annual meeting, the Members shall elect a Board in accordance with the provisions of Article VII Section 1 herein (as amended) and transact such other business as may properly come before them.

Section 5. Place of Meetings. Meetings of the Members shall be held at the principal office of the Association or such other suitable place convenient to the Members as may be designated by the President of the Association.

Section 6. Special Meetings. It shall be the duty of the President to call a special meeting of the Members when so directed by resolution of the Board or upon a petition signed by not less than 25 percent (25%) of the aggregate of Members. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 7. Notice of Meetings. It shall be the duty of the secretary to mail to each Member at the last known address of the Member as shown in the Association's records notice of each annual or special meeting of the Members, no less than ten (10) days but not more than fifty (50) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. For purposes of this Section 7 notice shall be deemed received upon deposit in the United States mail.

Section 8. Waiver of Notice. A Member may at any time waive notice of any meetings of the Members in writing, and such waiver shall be deemed equivalent to the giving of such notice. Presence by a Member at the meeting shall constitute a waiver of the right to such notice unless the Member objects to such lack of notice at the beginning of the meeting.

Section 9. Order of Business. The order of business at all meetings of the Members shall be, to the extent required as follows

- (a) Roll Call,
- (b) Proof of notice of meeting or waiver of notice,
- (c) Reading of minutes of preceding meeting,
- (d) Reports of officers,
- (e) Report of the Board,
- (f) Report of Committees,
- (g) Election of members of the Board,
- (h) Unfinished business,
- (i) New business, and
- (j) Adjournment

Section 10. Parliamentary Procedure. At all meetings of the Members or Board, Roberts' Rules of Order, as in effect on such date, shall be followed. In the event of a conflict between the Bylaws and Roberts' Rules of Order, the Bylaws shall prevail.

Section 11. Quorum. Unless otherwise provided by law or these bylaws, a quorum is present throughout any meeting of the association if persons entitled to cast twenty-five percent (25%) of the votes which may be cast for election of the executive board are present in person or by proxy at the beginning of the meeting.

Section 12. Proxies and Written Vote. Votes may be cast in person or by proxy. A Member may designate any person, who need not be a Member, to act as proxy. The designation of any such proxy shall be made in writing, signed by the member, and shall be revocable at any time

upon written notice to the secretary by the Member who designated such proxy. At any meeting the written vote (as to any particular matter to be voted on at any such meeting) of any Member shall be recognized and counted if such Member is in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the secretary of the Association prior to or at such meeting.

ARTICLE VII: BOARD OF DIRECTORS

Section 1. Function, Number and Qualification. The affairs of the Association shall be governed by a Board consisting of at least one (1) but not more than seven (7) Directors, each of whom shall be a Member of the Association and shall have one vote on the Board. Directors elected at the 2012 Annual Meeting shall serve for the following terms: (i) the three (3) Directors receiving the greatest number of votes shall serve three (3) year terms; (ii) the two (2) Directors receiving the next greatest number of votes shall serve two (2) year terms; and (iii) the two (2) Directors receiving the next greatest number of votes shall serve one (1) year terms. Any tie in election or term length shall be broken by a toss of the coin(s) as directed by the President of the Association to provide an equal probability for each tied candidate to win. Subsequent Directors shall be elected for three (3) year terms to fill expiring terms and, as necessary, for lesser periods to fill the remaining terms of Directors who have left office after the previous election (with longest term lengths determined by highest vote counts, consistent with the above). Directors shall take office immediately upon election. Nothing contained in the Bylaws shall be construed to prohibit the Association from employing any Member, Officer or Director of the Association in any capacity whatsoever.

Section 2. Powers and Duties. The Board shall have those certain powers and duties which are necessary for the administration of the Association's affairs and shall do all such acts and things as are not by applicable law, the Bylaws or Declaration directed to be exercised or performed by the Members. Such powers and duties of the Board shall include, but shall not be limited to:

- (a) the operation, care, upkeep and maintenance of the Common Properties, and any such duties with respect to the Lots or Dwelling Units as provided in the Declaration;
- (b) the determination of an annual budget and the Common Expenses required for the affairs of The Properties;
- (c) the establishment, levying, assessment and collection of the Assessments (Common Charges) from the Members;
- (d) the employment and dismissal of any personnel necessary for the maintenance, repair, replacement and operation of the Common Properties;
- (e) opening of bank accounts in the name of the Association and designating the signatories required therefore;

(f) purchasing or leasing or otherwise acquiring in the name of the Association or its designee, corporate or otherwise, Lots or Dwelling Units offered for sale or lease, or surrendered by their Owners to the Board or to the Association;

(g) purchasing of Lots or Dwelling Units, including such purchases as may occur in conjunction with foreclosure or other judicial sales in the name of the Association, or its designee, corporate or otherwise;

(h) selling, leasing, subleasing, encumbering, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board), or otherwise dealing with, Lots or Dwelling Units acquired by the Association or its designee, corporate or otherwise;

(i) organizing corporations to act as designees of the Association in acquiring title to or leasing Lots or Dwelling Units on behalf of all Members;

(j) granting of licenses over the Common Properties;

(k) obtaining and maintaining insurance on The Properties, and designating a commercial bank, insurance company or similar institution with trust powers as Trustee;

(l) improving, making repairs, additions or alterations to, and restoring The Properties.

(m) leasing or otherwise acquiring the right to use, either exclusively or in common with others, recreational and other facilities for the benefit of Members;

(n) Adopting and amending reasonable Rules and Regulations governing the conduct of all people located on or having use of The Properties and the operation and use of The Properties. The Board shall have the power to levy liquidated damages against the Members for violation thereof or for violation of any provision of these Bylaws or the Declaration for which any Member (or his guest or tenants) is responsible, provided that no such levy may be for more than \$50.00 for any one violation; provided however, each day a violation continues after notice shall be considered a separate violation. Collection of damages may be enforced against the Member or Members responsible as if the damages were a Common Charge owed by the particular Member or Members.

(o) enforcing, by any legal means, the provisions of the applicable Declaration, the Bylaws, and the Rules and Regulations; and

(p) appointing and removing at the Board of Director's pleasure all members of the Architectural Control Committee (as defined herein in Article IX, Section 4) and all officers, agents and employees of the Association, to prescribe their duties, to fix their compensation, and to require of them such security or fidelity bond as it may deem appropriate.

Section 3. Management. The Board may employ or enter into a contract or agreement to employ a Manager for The Properties, provided however, the term of such employment shall not exceed twelve (12) months. Any Manager employed pursuant to this Article VII, Section 3 shall perform such duties and services and shall be compensated in accordance with the terms and conditions authorized by the Board. The Association shall have the right to terminate the Manager's employment for cause at any time upon giving thirty (30) days written notice to the Manager. In the event the Manager's employment is so terminated, the Board shall mail all Members a copy of such notice provided to the Manager. The Board may authorize the Manager to perform the duties listed in subsections (a), (c), (d), (k), (l), and with respect to all but officers, (p) of Section 2 of this Article VII and other duties consistent therewith, but shall not delegate to the Manager the powers of the Board set forth in subsections (b), (e), (f), (g), (h), (i), (j), (m), (n), (o), and with respect to officers (p) of Section 2 of this Article VII.

Section 4. Removal of Directors. One or more of the members of the Board may be removed for cause by a majority of all of the Members at a regular or special meeting following notice thereof. A successor or successors may then or thereafter be elected to fill the vacancy thus created.

Section 5. Vacancies. Vacancies on the Board caused by any reason other than the provisions of Article VII, Section 4 shall be filled by the vote of a majority of the remaining directors at a regular or special meeting of the Board. Such meeting shall be held promptly after the occurrence of a vacancy even if the directors present at such meeting shall constitute less than a quorum. Each person so elected pursuant to this Section 5 (i.e., election of the Board by the remaining Directors) shall be a member of the Board until the next Annual Meeting or election.

Section 6. Organizational Meeting. The Board shall hold its first meeting within ten (10) days following their election at the time and place so designated by the Members.

Section 7. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings of the Board shall be given by the secretary to each director personally or by mail or facsimile at least three (3) days prior to the day named for the meeting.

Section 8. Special Meetings. Special meetings of the Board may be called by the president or upon the written request of at least two (2) directors. No less than five (5) days notice thereof shall be given to each director. Such notice may be given personally or by mail facsimile and shall state the time, place and purpose of the meeting.

Section 9. Waiver of Notice. Any director may waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of proper notice. Attendance by a director at a meeting of the Board shall constitute a waiver of notice unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the

meeting.

Section 10. Quorum of Board of Directors. At all meetings of the Board, a majority of the directors present shall constitute a quorum for the transaction of business. The votes of a majority of the directors present shall constitute the decision of the Board.

Section 11. Fidelity Bonds. The Board shall have the option, but not the obligation to obtain, to the extent reasonably available, for all officers, employees and agents of the Association handling or responsible for Association funds, a fidelity bond in the amount of 150 percent of anticipated funds to be held by such officers, employees and agents. The premiums on such bonds shall constitute a Common Expense.

Section 12. Compensation. No member of the Board shall receive any compensation from the Association for performing his duties as a director.

Section 13. Liability of the Board of Directors. The directors shall not be liable to the Association or to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall defend, indemnify and hold harmless, to the extent permitted by law, each of the directors against all liability arising out of their conduct on behalf of the Association, unless such conduct shall have been willful misconduct or in bad faith. It is intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the Association (except contracts they enter in their individual capacity as Members). It is also intended that the liability of any Member arising out of any contract made by the Association with respect to the Common Properties, or out of the aforesaid indemnity in favor of the Board, shall be limited to the Member's interest in the Common Properties.

Section 14. Fiscal Year. The Board shall establish a fiscal year.

Section 15. Fiscal Affairs. It shall be the duty of the Board to:

(a) maintain a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such record is requested in writing by one-fourth (1/4) of the membership;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) perform those certain duties more fully detailed in the Declaration including:

(i) fix the amount of the assessment against each Member for each assessment period at least fifteen (15) days in advance of such date or period;

(ii) prepare a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member or

his designee, and;

(iii) cause written notice of each assessment to be sent to every Member subject thereto;

(d) issue, or cause an appropriate officer to issue, upon demand by any qualified person a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE VIII: OFFICERS

Section 1. Designation. The principal officers of the Association shall be the president, the vice president, the secretary, and the treasurer, all of whom shall be elected by the Board. The president and the vice president shall be elected from among the members of the Board. The Board may elect a treasurer, an assistant treasurer, a secretary, an assistant secretary and any such other officers as in its judgment may be deemed necessary. Officers other than the president and vice president need not be Members of the Association. No person shall be deemed ineligible for any officer's position based upon their status as an individual officer or employee of a corporate, partnership or fiduciary Owner.

Section 2. Election of Officers. The officers of the Association shall be elected by the Board on an annual basis.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of Members of the Board, any officer may be removed, either with or without cause and his successor elected at a regular meeting of the Board, or at a special meeting of the Board called for such purpose.

Section 4. President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Members and Board. The president shall have all the general powers and duties which are usually vested in the office of president of a corporation, organized under the laws of the State of North Carolina, including but not limited to the power to appoint committees from time to time as he may, in his discretion, deem appropriate.

Section 5. Vice President. The vice president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the Board shall appoint some other member of the Board to act in the place of the president on an interim basis. The vice president shall also perform such other duties as shall, from time to time, be assigned to him by the Board or by the president.

Section 6. Secretary. The secretary shall (i) record and maintain the minutes of all meetings of the Members and Board; (ii) maintain such books and papers as the Board and these Bylaws may direct; (iii) give all notices required by the Declarant or Bylaws unless otherwise expressly provided; therein and (iv) perform all the duties incident to the office of the secretary of a corporation organized under the laws of the State of North Carolina.

Section 7. Treasurer. The treasurer shall have responsibility for Association funds and securities, and shall cause the financial records and the Association's books of account to be properly maintained and updated, as appropriate. The treasurer shall be responsible for depositing all monies and other valuable effects in the name and to the credit of the Association, in such depositories as may from time to time be designated by the Board, and perform all the duties incident to the office of treasurer of a corporation organized under the laws of the State of North Carolina.

Section 8. Signatories to Documents. All agreements, contracts, deeds, leases, checks and other documents of the Association shall be executed by any officer of the Association or by such other person or persons as may be designated by the Board. Vouchers for the payment of Association funds shall be approved by the treasurer before any payment is made thereunder.

Section 9. Compensation of Officers. No officer shall receive compensation from the Association for performing his duties as an Officer of the Association.

ARTICLE IX: COMMITTEES

Section 1. The Standing Committees of the Association shall be: (i) the Nominations and Audit Committee, (ii) the Recreation and Maintenance Committee, and (iii) the Architectural Control Committee.

Unless otherwise provided herein, each committee shall include a member of the Board and consist of a Chairman and two (2) or more members. All Committee chairs and members shall be appointed by the Board and shall serve until the close of the next annual meeting. The appointment of committees shall be announced to the Association membership in Board meeting minutes or by other means. The Board may appoint such other committees as it deems desirable, however in the event no committees are appointed, the Board shall perform the functions of such committees.

Section 2. The Nominations and Audit Committee. The Nominations and Audit Committee shall consist of at least three (3) persons and shall (a) in advance of the time fixed for the annual meeting make as many nominations for election to the Board as it deems appropriate provided however, such number of nominations shall not be less than the number of vacancies on the Board, (b) supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting, and (c) review the annual budget and recommend any changes or amendments thereto it deems proper prior to submitting such budget to the Board. The treasurer shall be an ex-officio member of the Nominations and Audit Committee.

Section 3. The Recreation and Maintenance Committee. The Recreation and Maintenance Committee shall advise the Board on all matters pertaining to (a) any recreational programs or activities of the Association, and (b) the maintenance, repair or improvement of the Common Properties. Such committee shall perform such other functions as the Board determines necessary

or appropriate.

Section 4. The Architectural Control Committee. The Architectural Control Committee shall advise the Board on all matters pertaining to the (a) construction of improvements on any Lot constituting a portion of The Properties and (b) application and interpretation of architectural controls contained in the Declaration. The Architectural Control Committee shall also advise the Board on all matters pertaining to enforcing all provisions related to condition and use of existing properties and the use of common properties specified in Declaration Article Five.

Section 5. Duties. Each committee shall have the additional duty of receiving complaints from Members on any matter involving Association functions, duties, and activities within each committee's area of responsibility. Each committee shall handle such complaints as it deems proper or refer them to the Manager or such other committee, director or officer of the Association as is appropriate under the circumstances. Each committee shall present an annual report of its activities to the Board for inclusion in the Annual Report.

ARTICLE X: OPERATION OF THE PROPERTIES

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Directors shall, from time to time, and at least annually: (i) prepare a budget for The Properties; (ii) determine the amount of the Common Charges payable by the Members to satisfy the Common Expenses; and (iii) allocate and assess such Common Charges among the Members according to each Member's proportionate share. The Board shall advise all Members promptly in writing of the amount of Common Charges payable by each of them respectively. Furthermore, the Board shall furnish to each Member and their mortgagees, upon receipt of a written request, a copy of the budget from which such Common Charges are calculated. The Common Expenses shall include, among other things:

(a) the cost of repairs and maintenance of (i) the Common Properties and appurtenant interests, and (ii) those certain other items which are the responsibility of the Association pursuant to the provisions of the Declaration;

(b) the total amount insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of Article VII herein, and the fees and expenses of the Trustee, as applicable; provided however, that as long as the Declarant is engaged in the construction or erection of improvements on the Common Properties, it shall pay the portion of insurance premiums allocable to builder's risk insurance (including liability coverage for construction operations and completed operations);

(c) such amounts as the Board may deem proper to improve and operate The Properties, including without limitation an amount for its working capital, a general operating reserve, a reserve fund for replacements, and all sums necessary to make up a deficit in the Common Expenses for any prior year;

(d) expenses incurred in leasing or otherwise acquiring the right to use (exclusively or in common with others) recreational or other facilities for the benefit of Members;

(e) such amounts as may be required for the purchase or lease by the Board, or its designee, on behalf of all Members of any Lot or Dwelling Unit whose Owner has elected to sell or lease such Lot or Dwelling Unit, or of any Lot or Dwelling Unit to be acquired by foreclosure proceedings or proceedings in lieu of foreclosure or which is to be sold at judicial sale; and

(f) any other expense in connection with the Common Properties or their improvements which the Board deems to be of mutual benefit to the Owners or Members.

Section 2. Payment of Common Charges. All Members shall be obligated to pay the Common Charges assessed by the Board annually or at such other time or times as the Board shall determine. The Board may authorize a mortgagee of one or more Lots or Dwelling Units or the Manager to collect such Common Charges.

Section 3. No Waiver of Liability By Owners for Common Expenses. No Owner may exempt himself from liability for his prorated share of the Common Expenses by waiving his use or enjoyment of any of the Common Properties or by abandoning of his Lot or Dwelling Unit.

Section 4. Non-Liability After Conveyance. No Owner shall be liable for the payment of any part of the Common Charges assessed against his Lot or Dwelling Unit subsequent to a sale, transfer or other conveyance made pursuant to the provisions of the Bylaws.

Section 5. Successor's Liability for Common Charges. A grantee who acquires a Lot or Dwelling Unit shall be liable for, and the Lot or Dwelling Unit conveyed shall be subject to a lien for, any unpaid assessments against the Lot or Dwelling Unit not to exceed the amount set forth in a statement as provided under Article XII Section 2 herein.

Section 6. Default in Payment of Common Charges. In the event a Member defaults in his payment of any Common Charges such Member shall be obligated to pay interest at the highest rate permitted by applicable law on such Common Charges from the due date thereof until collected together with all expenses including all attorneys' fees incurred by the Association conjunction with the collection of such unpaid charges. The Association shall attempt to recover such Common Charges by an action to recover the same brought against such Member, or in the event of an Owner Member, by foreclosure of the lien on the Owner Member's Lot or Dwelling Unit under powers granted by the Declaration or by applicable law. A Member's use of Recreational Facilities, Beach Access and other amenities may be suspended by the Board during any period when the Member's Common Charges remain in default.

Section 7. Foreclosure of Liens for Unpaid Common Charges. In an action brought by the Association to foreclose a lien on a Lot or Dwelling Unit due to unpaid Common Charges associated therewith, the Owner shall be required to pay reasonable rental for the use of his Lot or Dwelling Unit from the date of non-payment of such Common Charges and the plaintiff in

such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

The Association, acting on behalf of all Members, shall have the power to purchase such Lot or Dwelling Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant thereto (other than for the election of members of the Board), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the liens securing the same.

Section 8. Maintenance, Repair and Replacement.

(a) Common Properties: The Association shall maintain, repair and replace all improvements (including landscaping) located on the Common Properties or elsewhere as specifically required by the Declaration. In the event such maintenance, repair or replacement described therein was caused by the negligence or misuse of a Member, such expense shall be charged to such Member individually.

(b) Lots and Dwelling Units: Each Owner shall maintain, repair and replace, at his own expense, all portions of his Lot or Dwelling Unit, except any portions thereof required by the Declaration or Bylaws to be maintained, repaired or replaced by the Association. Each Owner of a Lot or Dwelling Unit shall be held individually responsible for damages to (i) any other Lot or Dwelling Unit, or (ii) the Common Properties caused by the Member's intentional or negligent actions, or by his failure to properly maintain, repair, or make replacements to his Lot or Dwelling Unit.

Section 9. Additions, Alterations or Improvements by Board. Whenever the Board determines the Common Properties shall require additions, alterations or improvements whose total cost will exceed Twenty Five Thousand Dollars (\$25,000.00), the Board shall proceed with such additions, alterations or improvements and shall assess all Members for the costs associated therewith as a Common Charge provided the additions, alterations or improvements have been approved by the Members and, in the event such approval is to be binding on the holders of first mortgages against the Lots and Dwelling Units, by the holders of first mortgages encumbering fifty-one percent (51%) of the Lots and Dwelling Units subject to such mortgages have approved such action. Any additions, alterations or improvements costing Twenty Five Thousand Dollars (\$25,000.00) or less may be made by the Board of Directors without further approval of the members or any mortgages of the Lots or Dwelling Units, and the costs thereof will constitute part of the Common Expenses. Notwithstanding the foregoing restrictions contained in this section, the Board's authority to do any ordinary repairs and replacements shall not be limited by the provisions contained herein.

Section 10. Additions, Alterations or Improvements by Members. No Member shall make any structural additions, alterations or improvements in or to any Dwelling Unit, Lot or Common Properties nor shall he paint or otherwise decorate, alter or change the appearance of any portion of the exterior of any Dwelling Unit, without obtaining the proper written consent of the

Architectural Control Committee. ACC approval is not required for **repainting** all or part of a home **in existing colors and finishes** as documented in TCCPOA records. Any changes in color or finish shall require prior approval as specified above. Any fabricated item extending above the surface of the earth shall be considered a structural addition for which approval by the Architectural Control Committee shall be required. Paving materials shall not be considered structural additions. The Board or the Architectural Control Committee shall answer any written request for such approval within thirty (30) days after the receipt thereof and failure to do so within such time shall constitute consent by the Board and the Architectural Control Committee to the property addition, alterations, or improvement. The provisions of this Section 10 shall not apply to any Lot or Dwelling Unit until such Lot or Dwelling Unit has been conveyed by the Declarant and the initial certificate of occupancy has been issued. ACC approval is not required for replacing dead/diseased/unsightly landscaping with identical plant types, nor for routine trimming (not removal) and maintaining of trees and shrubs, consistent with property landscaping plans on record with the Association.

Section 11. Electricity. Electricity shall be supplied directly to each Lot or Dwelling Unit, through a meter installed specifically for such purpose and each Owner shall be required to pay the cost associated therewith to the appropriate public utility. Electricity for the Common Properties shall be supplied through a separate meter from those described above and the Association shall pay all charges associated therewith as a Common Expense.

Section 12. Right of Access. Each Owner shall grant a right of access to his Lot or Dwelling Unit to the Manager or any other person authorized by the Association or the Manager for the following purposes: (i) conducting routine inspections; (ii) correcting any condition originating in such Owner's Lot or Dwelling Unit which threatens the condition of another Lot or Dwelling Unit or the Common Properties, and (iii) installing, altering or repairing the mechanical or electrical services on the Owner's Lot or Dwelling Unit; provided however, requests for entry shall be made to the Owner in advance, excepting emergency situations (described below) and that any such entry be at a time reasonably convenient to the Owner. In the event of an emergency, such right of entry shall be immediate and absolute, regardless of the Owner's presence or absence at the Lot or Dwelling Unit.

ARTICLE XI: USE OF PROPERTIES

Section 1. Restrictions on the Use of The Properties. In order to provide for peaceful occupancy of The Properties and to protect the value of the Lots and Dwelling Units, the use of The Properties shall be restricted to and shall be in accordance with the following provisions:

(a) The Dwelling Units shall be used for residential purposes only, except for (i) home professional pursuits in which Owner engages provided however, such pursuits shall be limited to those in which Owner or other lawful residents of his Dwelling Unit are the sole employees of such and the general public does not regularly visit the Dwelling Unit; and (ii) use reserved by the Declarant for sales or administrative purposes;

(b) Any garages shall be used for the storage of motor vehicles and other miscellaneous storage purposes only. Such use shall be in a neat and clean manner consistent with their purpose as residential garages accessory to home ownership;

(c) The Common Properties shall be used only for the purposes for which they are intended;

(d) No nuisances shall be allowed on The Properties, including but not limited to any use or practice which may be a source of annoyance to the Members or which interferes with the peaceful possession and proper use of The Properties by the Members and their lawful guests;

(e) No immoral, improper, offensive or unlawful use shall be made of The Properties or any part thereof. All laws, zoning ordinances and regulations of the applicable governmental bodies having jurisdiction thereof shall be observed at all times and at the expense of the Members or Board, as applicable.

(f) A portion less than one hundred percent (100%) of a Lot or Dwelling Unit shall not be leased or rented. All leases must be in writing and all tenants shall be subject to all the provisions of the Bylaws and the Declaration. In the event a lessee of a Lot or Dwelling Unit violates a provision of the aforementioned documents, such violation shall constitute a default under the lease; and

Section 2. Restrictions on the Use of Common Properties. In order to provide for peaceful occupancy of The Properties and to protect the values of the Lots and Dwelling Units, the use of the Common Properties shall be restricted to and shall be in accordance with the following provisions:

(a) Only Members, their tenants and lawful guests shall have the right to use the Common Properties;

(b) For any period during which an assessed Common Charge remains unpaid or for an infraction of its published Rules and Regulations the Board may suspend until the Common Charge is paid or the infraction is resolved, the Member's (or his guest's or tenant's) right to use the Recreational Facilities or other Common Properties provided such use is not necessary for the Member (or his guest or tenant) to gain access to the highway.

(c) The Association may charge Members reasonable admission fees or use charges for their use of the Recreational Facilities, Beach Access and any other Common Properties which place an additional burden on the Association's facilities or staff beyond that necessary for normal day to day activities, or for those facilities whose use is limited to fewer than all Members; and

Section 3. Rules and Regulations. Rules and regulations concerning the use of the Lots, Dwelling Units and the Common Properties may be made and amended from time to time by the

Board. Copies of such Rules and Regulations shall be furnished by the Board to each Member prior to the time the same shall become effective. The initial Rules and Regulations adopted or to be adopted by the Board shall be effective until an amendment is made thereto.

Section 4. Abatement and Enjoyment of Violations by Members. A violation or breach of the Rules and Regulations adopted by the Board, the Bylaws or Declaration shall give the Board, in addition to any other rights set forth by these Bylaws or applicable law the right to:

(a) To enter a Lot or Dwelling Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that exists therein contrary to the intent and meaning of the provisions hereof. The Board shall not be deemed guilty of trespass for taking those actions authorized by this subparagraph (a);

(b) Enjoin, abate or remedy the continuance of any such breach or violation through appropriate equitable proceedings including but not limited to mandatory injunction. The costs of any such action shall be paid by the Member individually including all attorneys' fees associated with such action;

(c) Suspend any individual's use of the Properties for a violation of the Rules and Regulations for the period during which the violation continues plus thirty (30) additional days; and

(d) Levy summary charges as liquidated damages against a Member for any violation of the Declaration or Bylaws, in addition to such damages as have actually been suffered, provided that no summary charges may be levied for more than \$50.00 for any one violation. After a Member is notified of such violation, each day thereafter shall be considered a separate violation until such is corrected. Collection of charges for damages or summary charges may be enforced against the Member or Members involved as if the charge were a Common Charge owed by the particular Member or Members.

ARTICLE XII: MORTGAGES

Section 1. Notice to Association. An Owner who mortgages his Lot or Dwelling Unit shall notify the Association of the name and address of the mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots or Dwelling Units".

Section 2. Statement of Common Charges. A Member, a prospective Owner, a mortgagee, or prospective mortgagee may request the Association to promptly report any unpaid Common Charges due from, or any other default by, the Owner of a particular Lot or Dwelling Unit.

Section 3. Notice of Default. The Association, when giving notice to a Member of a default, violation or breach of any term or condition contained in the Declaration or the Bylaws, shall send a copy of such notice to each holder of a mortgage covering the applicable Lot or

Dwelling Unit, provided the name and address of such mortgagee has previously been furnished to the Association.

Section 4. Examination of Books. Each Member or mortgagee of a Lot or Dwelling Unit shall be permitted to examine the Association's financial records and books of account at a reasonable time during regular business hours provided the Association is provided with a minimum of three (3) days written notice.

ARTICLE XIII INSURANCE

Section 1. Coverage. To the extent available, the Association shall obtain and maintain insurance coverage as set forth in Sections 2, 3, and 4 hereof. The cost of obtaining insurance pursuant to this Section I shall be deemed a Common Expense.

Section 2. Physical Damage. All buildings and improvements (as defined in Subsection (d) below), and all of the personal property owned by the Association shall be insured for the benefit of the Association and the Members and Mortgagees, as their interests may appear, against risks of physical damage as follows:

(a) Amounts. Real property shall be insured for an amount not less than One Hundred (100%) percent of its replacement cost; Personal property shall be insured for an amount equal to its actual cash value for personal property. Prior to obtaining insurance on real property under this Section, and at least annually thereafter, the Board shall obtain an estimate from an insurance agent or otherwise qualified person, for the purpose of determining the replacement cost of such real property;

(b) Risks Insured Against. The insurance shall afford protection against loss or damage by reason of:

(i) Fire and other perils normally covered by extended coverage;

(ii) Vandalism and malicious mischief;

(iii) Such other risk of physical damage as from time to time may be customarily covered with respect to buildings and improvements similar in construction, location and use as those on the Common Properties, including, without limitation, builder's risk coverage for improvements under construction; and

(iv) Such other risks of physical damage as the Board may deem appropriate.

(c) Other Provisions. The insurance shall include, to the extent reasonably obtainable and without limitation the following:

(i) Waivers by the insurer of rights of subrogation, other than those based on fraud or criminal acts, against the Association and the Members;

(ii) The insurance shall not be affected or diminished by reason of any other insurance carried by any Member or Mortgagee;

(iii) The insurance shall not be affected or diminished by failure of any Member, occupant or owner of any improvement to comply with any warranty or condition when such failure to comply is not within the control of this Association;

(iv) Such deductible as to loss, but not co-insurance features, as the Board in its sole judgment deems prudent and economical;

(v) The insurance may not be canceled or substantially modified (except for the addition of property or increases in amount of coverage) without at least thirty (30) days prior written notice to the named insured;

(vi) The standard mortgagee clause, except that any loss otherwise payable to named mortgagees shall be payable in the manner set forth in subsection (vii) immediately below;

(vii) Proceeds for losses shall be payable to the Association or any Trustee designated by the Board; and

(viii) The named insured shall be the Association for the benefit of the Members.

(d) Definition. As used in this subparagraph (d), the term "all buildings and improvements" shall include without limitation all Common Properties and personal property of the Association and replacements thereof but shall exclude those certain building fixtures, alterations, installations or additions situated within a portion of The Properties and used, owned and acquired at the expense of an individual Owner after the conveyance of title by the Declarant to any such Owner.

Section 3. Liability Insurance. The Board shall obtain and maintain public liability insurance covering bodily injury and property damage in such amounts as the Board may from time to time determine for the purpose of insuring the Association, the Board, the Manager (at the discretion of the Board), and each Member with respect to liability arising from the ownership, maintenance or repair of the Common Properties including without limitation liability arising from construction operations. Such liability insurance shall also cover cross-liability claims among Members and the Association. The Board shall review such limits at least annually. The insurance provided under this Section shall include, to the extent reasonably obtainable and without limitation, the following:

(a) The insurance shall not be affected or diminished by any act or neglect of a Member, his occupants or Owner of any improvement when such act or neglect is not within the control of the Association;

(b) The insurance shall not be affected or diminished by failure of a Member, his occupants or Owner of any improvements to comply with any warranty or condition when such failure to comply is not within the control of the Association; and

(c) Waivers by the insurer of rights of subrogation against the Association and the Members other than those based on fraud or criminal acts.

Section 4. Workmen's Compensation Insurance. The Board shall obtain and maintain Workmen's Compensation Insurance to meet the requirements of the laws of the State of North Carolina.

Section 5. Members' Hazard Insurance. Nothing herein contained shall require any Member to pay to the Association any amount for hazard insurance on any property owned by the individual Member.

Each Owner shall be responsible for procuring individual hazard insurance coverage for his Lot or Dwelling Unit except to the extent such is actually insured by policies that may be obtained by or through the Association for the benefit of the individual Owners. Each Owner shall be responsible for ascertaining whether the Association has obtained any such insurance for the benefit of individual Owners. The Association may require an Owner to produce his individual hazard insurance policy at any time.

Section 6. Other Insurance. The Board is authorized to obtain and maintain such other insurance as it may, from time to time, deem, appropriate.

ARTICLE XIV: DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 1. Duty to Repair or Restore. Any damaged or destroyed portion of the Common Properties shall be promptly repaired or restored by the Association.

Section 2. Estimate of Cost. Promptly after damage to or destruction of the Common Properties, and thereafter as it deems advisable, the Board shall obtain reliable and detailed estimates of the cost of repair or restoration, as applicable. If in the opinion of the Board such total cost may exceed \$5,000.00, the services of an architect may be retained to assist in the determination of such estimates and in the supervision of such repair and restoration.

Section 3. Collection of Construction. Construction funds may consist of insurance proceeds, condemnation awards, proceeds of assessments against Owners and other funds received on account of or arising out of injury or damage to the Common Properties.

(a) Insurance Proceeds. The Board shall adjust losses under physical damage insurance policies of the Association. Such losses shall be payable in accordance with Article XIII, Section 2 (c) (vii) herein.

(b) Condemnation Awards. Any condemnation awards with respect to the Common Properties shall be payable to the Association.

(c) Assessments against Members. In the event insurance proceeds and condemnation awards received by the Association are insufficient to effect the necessary repair or restoration of the Common Properties, such deficiency shall be charged against all Members as a Common Expense, provided however, Class C Members will be so charged only to the extent that the deficiency shall be caused by and charged against the Recreational Facilities or Beach Access. The proceeds of assessments for such Common Expense shall be paid to the Trustee, as applicable.

(d) Payments by Others. Any other funds received on account of or arising out of injury or damage to the Common Properties shall be paid to the Board or to the Trustee.

Section 4. Plans and Specifications. Any repair or restoration must be completed either (i) in accordance with the architectural and engineering plans and specifications for the original improvements or (ii) according to plans and specifications approved by the Board.

Section 5. Lots and Dwelling Units. Repairs or restoration of damage or destruction to a Lot or Dwelling Unit or any other improvement on a Lot shall be at the Owner's expense, except the Association, to the extent it has obtained policies insuring the interest of an Owner with respect to his Dwelling Unit or any related Limited Common Properties, shall make any insurance proceeds actually received by it under such policies available to the Owner for repairs or restoration.

Section 6. Disbursement of Construction Funds. A Trustee appointed by the Board shall deduct from the construction funds its actual costs, expenses and a reasonable fee for the performance of its duties. Any balance shall be disbursed by the Trustee or Association, as applicable, pursuant to subparagraphs (a)-(c) immediately below:

(a) Payment of Repair or Restoration. The Association or Trustee shall apply such balance to pay directly, and to reimburse the Association for the payment for, the costs of repair or restoration of the Common Properties including the cost of temporary repairs for the protection of the Common Properties pending the completion of permanent repairs and restoration.

(b) Surplus Funds. In the event a surplus exists after the costs of all repairs and restoration has been made, such surplus shall be paid to Members in proportion to the contributions resulting from assessments levied against them pursuant to Section 3(c) of this Article XIV; provided however, that no Member shall receive a sum greater than the amount actually contributed by him. Any excess funds remaining after payments of surplus in accordance with this subparagraph (b) shall be paid to the Association and shall become part of its replacement reserve.

(c) Determination Not to Repair or Restore. In the event the Board determines the Common Properties are substantially totally destroyed, three-fourths (3/4) of the Members may vote to not proceed with the repair or restoration of such Common, Properties. Any balance remaining in the construction funds at such time shall be paid to the Association. The Association shall reserve such funds for capital improvements on the Common Properties. A dispute among the Board as to the issue of substantial total destruction, which is incapable of resolution, shall be submitted to arbitration in accordance with the rules of the American Arbitration Association and in accordance with North Carolina law.

Section 7. Trustee. The Board may, but is not required to, enter into and maintain a trust agreement with a bank in the State of North Carolina. Any such trust agreement shall give the Trustee the power to receive, administer, and disburse funds pursuant to Article XIV herein. Any such trust agreement shall incorporate the Declaration and Bylaws by reference and shall provide that upon termination thereof, all monies or funds held by the Trustee shall be turned over only to a successor trustee which shall also be a bank having trust powers and located in the State of North Carolina. No amendment of the Declaration or the Bylaws affecting Article XIII or this Article XIV shall be binding on the Trustee until the Trustee receives notice of such amendment.

ARTICLE XV: RECORDS

Section 1. Records. The Association shall keep detailed records of the actions of the Board and the Manager, minutes of the Board of Director meetings, minutes of the Members meetings, names of the Members and their mortgagees, and financial records and books of account for The Properties, a chronological list of receipts and expenditures, and an individual account for each Member, containing, among other things, the amount of each assessment of Common Charges against each Member, the date when due, the amount paid thereon, and the balance remaining unpaid. Unless the Member notifies the Association of change in ownership, the Association may rely on the names of Members appearing on the municipal tax assessor's list as of the last municipal assessment date.

Section 2. Statement. Upon written request by a Member, the Board shall provide such Member a written report and statement summarizing all receipts and expenditures of the Association.

Section 3. Annual Report. The Board shall further provide each Member or mortgagee making a written request to the Association therefor an unaudited and Annual Report of the Association's receipts and expenditures, prepared by an independent certified public accountant.

Section 4. Examination of Records. Each Member and mortgagee shall be permitted to examine the books of account of the Association at reasonable times on business days, but not more than once a quarter.

ARTICLE XVI: PROXIES

Section 1. Vote by Proxy Established. Each Member may vote in person or by proxy at any meeting of the Members.

Section 2. Proxy Qualification. All proxies shall be in writing and filed with the secretary of the Association. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by a Member of his Lot or Dwelling Unit in The Properties, or upon sale of his property to which a Class C Membership has been assigned.

ARTICLE XVII: MISCELLANEOUS

Section 1. Notices. All notices to the Association shall be deemed to have been properly sent when hand-delivered or sent prepaid by United States mail to the mailing address of the Association, or sent by electronic means, including by electronic mail over the internet, to an electronic mailing address designated in writing by the Association. Notices to Members or Owners shall be made in accordance with Declaration Article Three, Section 2. All notices from or to the Association shall be deemed to have been delivered when sent, except notice of change of address which shall be deemed to have been given when received.

Section 2. Captions. The Captions herein are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provisions thereof.

Section 3. Gender. The use of the masculine or neutral gender in these Bylaws shall be deemed to include the feminine gender. The use of the singular form shall be deemed to include the plural, as the context so requires.

Section 4. Tort Liability. Each individual Member shall be deemed to have released and exonerated each other Member and the Association, and the Association shall be deemed to have released and exonerated each Member, from all tort liability to the extent which such liability is satisfied by the proceeds of liability insurance carried by a Member or by the Association excepting such liability as may be caused by the fraudulent or criminal acts of the Member or Association, as applicable.

ARTICLE XVIII: INVALIDITY, CONFLICT AND WAIVER

Section 1. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the remaining provisions contained herein.

Section 2. Conflict. These Bylaws are set forth to comply with the requirements of the North Carolina Non-Profit Corporation Act (the "Act"), the Articles of Incorporation and the Declaration. In the event of any conflict between these Bylaws and the provisions of the Act, or of the Declaration, or of the Articles of Incorporation, such provisions shall control in the following order: (i) the Act, (ii) the Declaration, (iii) the Articles of Incorporation and (iv) the

Bylaws.

Section 3. Waiver. No restriction, condition, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XIX: AMENDMENTS TO BYLAWS

Section 1. Method of Amendment. These Bylaws may be altered, amended or revised only as pursuant to Article Eleven of the Declaration, as amended, at any duly called meeting of the Members, provided:

(a) the notice of the meeting shall contain a statement which substantially sets forth the proposed amendment;

(b) the amendment, in order to be binding upon all holders of mortgages or deeds of trust against a Lot or Dwelling Unit in The Properties must be approved in writing by the holders of mortgages or deeds of trust on not less than fifty-one (51%) percent, in the aggregate, of the Lots and Dwelling Units subject to mortgages or deeds of trust; and

(c) said amendment shall be fully consistent with the Declaration executed by the President and secretary of the Association. However, no amendment to the Declaration, or the recordation thereof, shall be necessary unless such amendment to these Bylaws creates all inconsistency with the Declaration.

(d) There shall be no amendment made for any reason to Article XI of the Bylaws prior to December 31, 2011, without the Declarant's prior approval.

Section 2. Effect of Amendments upon Encumbrances. No amendment or modification of the Bylaws will affect or impair the validity or priority of any mortgage or deed of trust encumbering a Lot or Dwelling Unit or any other properly recorded lien.

Builder Referral Disclosure

Section 5

Builder Referral Disclosure

THE CURRITUCK ASSOCIATES RESIDENTIAL PARTNERSHIP, a North Carolina General Partnership (hereinafter referred to as the "Seller") is the Seller and the developer of The Currituck Club, located in Corolla, Currituck County, North Carolina, and does hereby certify and disclose the following:

1. In the course of marketing and selling real property in The Currituck Club Development to prospective purchasers, the Seller and its sales agents and/or employees may be asked for, and may have the occasion to offer, recommendations of home builders to construct residential dwellings on lots or home sites within The Currituck Club.

2. In the course of developing The Currituck Club, the Seller has had the occasion to work with several home builders and has maintained a list of those home builders who are familiar with the architectural guidelines and construction requirements required under The Currituck Club's Declaration of Covenants, Conditions and Restrictions recorded in Book 377, Page 281, in the Register of Deeds of Currituck County, North Carolina, as amended from time to time.

3. In the event that the Seller provides the lot purchaser, or prospective lot purchaser, with reference names of home builders and/or refers a lot purchaser, or prospective lot purchaser, to a home builder, said lot purchaser, or prospective lot purchaser, acknowledges and agrees that the Seller, or its sales agent, will not be deemed in any way to be the agent of the lot purchaser.

4. Seller hereby discloses to lot purchaser that from time-to-time the Seller may be entitled to a referral fee as a result of such home builder referrals.

**THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION
OPERATING BUDGET AND SUPPORTING DETAILS
2015**

Budget Planning Basis			2015 Budget	2014 Actual YTD 7/31	2014 Budget
Member Dues Increase	3.5%				
Operating Expenses					
Fixed & Contractual Expenses					
Contract Services					
C1---Guest Services			\$ 355,144	\$ 131,356	\$ 226,896
C2---Guest Operations GM			\$ -	\$ 31,500	\$ 54,000
C3---Fitness Center			\$ -	\$ 40,170	\$ 64,248
C4---Security			\$ 125,900	\$ 59,150	\$ 111,900
C5---Trash Curb Service			\$ 34,902	\$ 20,385	\$ 34,902
C6---Night Security			\$ 540	\$ -	\$ -
C7---Security Monitoring Service			\$ -	\$ -	\$ 14,000
Total Contract Services			\$ 516,486	\$ 282,561	\$ 505,946
Landscape Maintenance Contract			\$ 180,000	\$ 100,001	\$ 175,000
Pool Maintenance			\$ 29,250	\$ 15,120	\$ 27,135
Total Fixed & Contractual Services			\$ 725,736	\$ 397,682	\$ 708,081
Variable Expenses					
Firewise Grant			\$ -	\$ -	\$ 25,000
Annual Meeting and Events			\$ 15,000	\$ 841	\$ 15,000
Advertising, Marketing, P/R			\$ 3,000	\$ -	\$ -
Community Affairs & Relations			\$ 2,000	\$ -	\$ -
Miscellaneous			\$ 2,000	\$ 317	\$ 2,000
Community Events			\$ 28,300	\$ 14,156	\$ 28,500
Fitness Center			\$ 9,000	\$ 12,487	\$ 28,500
General Maintenance & Supplies			\$ 12,000	\$ 7,984	\$ 9,000
Landscape Irrigation M/R			\$ 50,000	\$ 7,243	\$ 53,000
Pool			\$ 10,000	\$ 5,073	\$ 12,500
Security Related Expenses			\$ 7,500	\$ 6,869	\$ 6,000
Vehicle Expenses			\$ 48,100	\$ 13,577	\$ 48,100
Total Variable Expenses			\$ 186,900	\$ 68,547	\$ 227,600
Other Operating Expenses					
Contingency Operating Expenses			\$ 50,000	\$ -	\$ 25,000
Depreciation Expenses			\$ 39,000	\$ 21,470	\$ 36,840
Salary & Benefits Expenses			\$ 186,445	\$ 80,264	\$ 178,500
Architectural Control Expenses			\$ -	\$ -	\$ -
Insurance Expenses			\$ 113,582	\$ 55,565	\$ 119,594
Bad Debt & Collection Expenses			\$ 12,000	\$ 8,301	\$ 12,000
Miscellaneous			\$ 2,000	\$ 516	\$ 2,000
Office Equipment			\$ 5,000	\$ 1,522	\$ 5,000
Office Supplies & Postage			\$ 10,000	\$ 3,930	\$ 10,000
Permits, Taxes & Licenses			\$ 1,500	\$ 1,059	\$ 11,000
Professional Fees					
Booking & Admin. Services			\$ 37,500	\$ 20,446	\$ 32,000
Financial Mgmt. Services			\$ 9,000	\$ 3,616	\$ 7,000
Board Administrative Support			\$ 4,000	\$ 2,236	\$ 5,000
GM Professional Credentials & Fees			\$ 5,500	\$ 4,520	\$ -
Audit Services			\$ 4,000	\$ -	\$ 7,000
Reserve Fund Study			\$ 5,000	\$ -	\$ -
Legal Services, Transition Planning & Other Fees			\$ 115,000	\$ 58,275	\$ 230,000
Total Professional Fees			\$ 180,000	\$ 89,093	\$ 281,000
Utilities			\$ 70,600	\$ 38,472	\$ 55,700
Total Other Operating Expenses			\$ 670,127	\$ 300,192	\$ 736,634
Total Operating Expenses			\$ 1,582,763	\$ 766,421	\$ 1,672,315
Capital-Related Expenditures					
Reserve Funding					
Scheduled Contribution			\$ 234,136	\$ 174,000	\$ 231,818
Make-up Contribution			\$ 110,900	\$ -	\$ -
Total Contributions to Reserve			\$ 345,036	\$ 174,000	\$ 231,818

**THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION
OPERATING BUDGET AND SUPPORTING DETAILS
2015**

Budget Planning Basis				2015 Budget	2014 Actual YTD 7/31	2014 Budget
Member Dues Increase	3.5%					
Depreciation Expense				\$ (39,000)		\$ (36,840)
Total Net Other Expenditures				\$ 306,036		\$ 194,978
Total Budget Expenditures				\$ 1,888,799		\$ 1,867,293
Funding Sources of Income						
Commercial Assessments				\$ 38,619		\$ 36,780
Other Income (See Detail Below)				\$ 57,800		\$ 78,038
Total Funding Before Member Assessments				\$ 96,419		\$ 114,818
Funding Required from Member Assessments				\$ 1,792,380		\$ 1,752,475
Total 2015				\$ 1,888,799		
Calculation of 2015 Member Assessments						
		Per Lot	# of Lots	Total		2014 Assessment
				\$ 1,792,380	\$ 1,752,475	
Improved Lots	\$ 3,396	408		\$ 1,385,501	\$ 1,328,805	\$ 3,281
Unimproved Lots	\$ 2,122	234		\$ 496,490	\$ 442,800	\$ 2,050
Reserve for				\$ (89,540)	\$ (18,984)	
Excess due to Rounding				\$ (70)	\$ (146)	
				\$ 1,792,380	\$ 1,752,475	
Calculation of Maximum Member Assessment Allowed						
Total Maximum Member Assessments Allowed				\$ 2,032,631		
Supporting Calculation:						
	Per Lot	# of Lots		Total		
Improved Lots	\$ 3,851	408		\$ 1,571,041		
Unimproved Lots	\$ 2,407	234		\$ 563,149		
Reserve for Uncollectibles				\$ (101,559)		
Total Maximum Member Assessments Allowed				\$ 2,032,631		
Detail of Other Income						
Firewise Grant				\$ -		
Pool Parties Admission Fees				\$ 11,000		
Advertising --- Common/Trolley				\$ 15,000		
Interest Income---Operating				\$ 1,200		
Architectural Control Fees				\$ 6,000		
Clicker Income				\$ 2,000		
5K Run				\$ 5,000		
Movie Night				\$ -		
Arcade/Tennis Court Revenue				\$ -		
Vendor Sponsorships				\$ 5,000		
Other Amenities				\$ 5,000		
Document Prep/Record Fees				\$ 7,500		
Reimbursements				\$ 100		
Total Other				\$ 57,800		
NOTE: The 2015 Operating Budget provides the recommended 2015 Annual Reserve Contribution of \$234,136 and a partial make-up contribution for 2012-2013 of \$110,900.						
Reserve study's recommended 2014 year-end balance is \$1,717,937. The projected year-end 2014 balance is \$1,371,173, resulting in a shortfall of over \$345,000.						

**THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION
RESERVE FUND EXPENSE PLANNING WORKSHEET
2015**

*Note: Dollars of the year unless otherwise shown -- 2011\$
adjusted at 3% cost inflation per basis of study*

Asset Item	2011 Reserve Fund Study (2011\$)		2014 Adopted Budget					2014		2015		Memo
	2014	2015	Original Planned Reserve Expenditures	Non---Reserve Additions	Deferred Reserve Items	Advanced Reserve Items	Adopted Reserve Fund Budget	Adjusted Budget	Actual YTD	Deferred Reserve Items	Proposed Budget	
Cost Inflation Rate per 2011 Study	3%	3%										
Year of Study	4	5										
Planned Contributions to Reserve Fund												
Budgeted Transfer from Operating Fund			\$ 231,818				\$ 231,818	\$ 231,818	\$ 174,000		\$ 234,136	
Partial Make-up Contribution for 2012 & 2013								\$ 100,000	\$ 100,000		\$ 110,900	
Interest Income			\$ 2,500				\$ 2,500	\$ 2,500	\$ 2,469		\$ 4,200	
Total Additions to Reserve Fund			\$ 234,318				\$ 234,318	\$ 334,318	\$ 276,469		\$ 349,236	
Reserve Expenditures per 2011 Study												
Asphalt Seal---Coating	\$ 33,045		\$ 33,045	\$ -	\$ (33,045)	\$ -	\$ -	\$ -			\$ 37,192	Not inflated for 2014 budget
Clubhouse Furniture	\$ 3,000		\$ 3,000	\$ -	\$ (3,000)	\$ -	\$ -	\$ -			\$ 3,377	Not inflated for 2014 budget
Exterior Sealants -- caulking for all buildings		\$ 4,208									\$ 4,736	Fitness Center included in 2014 repair
Total Schedule Reserve Fund Expenditures (2011\$)	\$ 36,045	\$ 4,208	\$ 36,045	\$ -	\$ (36,045)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,305	
2014 Planned Replacement Expenditures in Operating Budget												
Playground Equipment -- advanced from 2024								\$ -	\$ -		\$ 7,500	Originally in 2014 Operating Budget
Volleyball Court -- not included in 2011 Study								\$ -	\$ -		\$ 5,000	Originally in 2014 Operating Budget
Tennis Court -- advanced from 2023								\$ -	\$ -		\$ 4,000	Originally in 2014 Operating Budget
Total 2014 Replacement Expenditures Originally in Operating Budget			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,500	
Expenditures Scheduled in Prior Years												
Perimeter Fence (Wood & Wire Sand) -- scheduled for 2012	\$ 17,500		\$ -	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ 25,000			\$ 10,000	Not inflated for 2014 budget
Fitness Center Flooring (Carpet) -- scheduled for 2013		\$ 5,880						\$ -			\$ 6,618	
Pool Pump Replacement -- scheduled for 2012	\$ 1,250							\$ 7,000	\$ 2,278			
Total Expenditures Scheduled in Prior Years			\$ -	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ 32,000	\$ 2,278	\$ -	\$ 16,618	
Expenditures Scheduled in Future Years												
Irrigation System Replacement/Repairs -- advanced from 2029	\$ 19,600		\$ -	\$ -	\$ -	\$ 28,000	\$ 28,000	\$ 28,000				\$21,420 inflated to 2014
Fitness Center Exterior Maintenance -- advanced from 2038+	\$ 16,718							\$ 25,000	\$ 19,345			Study amount includes all buildings
Condensing Units and Air Handlers (4) -- advanced from 2017	\$ 17,000							\$ 13,600	\$ 13,600			Study included 4 units
Life Extension of Trolley 3 -- replacement of trolleys scheduled for 2016	\$ 73,000							\$ 8,000	\$ 7,330			Study included replacement
Pond Pump Replacements -- scheduled for 2028	\$ 3,500							\$ 8,500	\$ 6,500			
Court Lighting -- advanced from 2018		\$ 12,000									\$ 18,000	\$13,506 inflated to 2015
Main Pool Building Exterior Maintenance -- advanced from 2038+		\$ 16,718									\$ 11,000	Study assumed all bldgs HardiePlank
Contingency for Other Reserve Expenditures								\$ 10,000			\$ 20,000	
Total Expenditures Scheduled in Future Years			\$ -	\$ -	\$ -	\$ 28,000	\$ 28,000	\$ 93,100	\$ 46,775	\$ -	\$ 49,000	
2014 Expenditures Not in 2011 Reserve Study												
Storage Shed				\$ 4,000	\$ -	\$ -	\$ 4,000	\$ -				New capital -- not a Reserve Fund item
Improvements and expansion of amenities				\$ 120,000	\$ -	\$ -	\$ 120,000	\$ -				New capital -- not a Reserve Fund item
Total Asset Repair & Replacement			\$ 36,045	\$ 124,000	\$ (18,545)	\$ 28,000	\$ 169,500	\$ 125,100	\$ 49,053	\$ -	\$ 127,423	
Net Addition to Reserve Fund			\$ 198,273				\$ 64,818	\$ 209,218	\$ 227,416	\$ -	\$ 221,813	



The Currituck Club Owner Fees 2015

All property owners in The Currituck Club community are members of The Currituck Club Property Owners Association, Inc. (TCCPOA) and pay the assessments. In addition, homeowners in The Hammocks, Magnolia Bay, and Windswept Ridge Golf Villas are members of separate homeowners associations in each of those communities and pay the assessments of those subdivisions.
www.currituckclubobx.org

Annual assessments of The Currituck Club Property Owners Association, Inc. provide for the operational services of the community amenities and maintenance of association common property. The operational services required of this residential/resort community include in-season trolley service, in-season pool operation for 3 pools, in-season valet service at the beach, year-round fitness center, trash can roll-out/roll-back, security, grounds landscaping and maintenance and TCCPOA common area insurance coverage.

THE CURRITUCK CLUB PROPERTY OWNERS ASSOCIATION, INC. (includes improved Cottages lots & The Reserves)

Unimproved Lot	(billed annually)	\$2,122
Improved TCC Property	(billed annually)	\$3,396

Management Contact:
Heidi Corsello, General Manager TCCPOA 252-453-4011 HCorselloTCC@gmail.com

Billing Questions Contact:
Adlam 252-441-8857 jwilliams@adlammanagement.com

HAMMOCKS PATIO HOMES (72) (with private pool)

Fees paid to Hammocks Community Association provide for common expenses including: Pool maintenance, common area landscaping and irrigation, common area insurance.
Improved Property \$2,940/year (billed monthly) \$6,336 TOTAL PER YEAR (both Associations)

THE RESERVES (Lots 334-348 only, due to location, pay Hammocks for road use only – not a Hammocks member)

Unimproved Lot	\$294 (billed annually)	\$2,410 TOTAL PER YEAR (both Associations)
Improved	\$588 (billed annually)	\$3,984 TOTAL PER YEAR (both Associations)

WINDSWEPT RIDGE GOLF VILLAS (30) (has own private pool and tennis)

Fees paid to WSR provide for building exterior maintenance and repainting, common area and amenity maintenance and common insurance.

In addition to TCCPOA fee above:

Building 4	\$5,700/yr	(\$475 billed mthly: \$375 assess., \$100 reserves)
Building 5*	\$6,240/yr	(\$520 billed mthly: \$375 assess., \$45 sewer, \$100 reserves)

*Building 5 includes sewer/water (base) and an additional quarterly billing for water usage that varies seasonally.

Management and Dues Contact:
Seaside Management 252-261-1200 info@seaside-management.com

MAGNOLIA BAY PROPERTY OWNERS ASSOCIATION, INC. (70)

Fees paid to the MBPOA provide for landscaping, lawn maintenance, common areas maintenance and common area insurance. Each homeowner is responsible for the irrigation system electricity and equipment. Association approval is needed for all architectural and landscaping changes.

Improved Property: \$2,200 (billed annually) \$5,481 TOTAL PER YEAR (both Associations)

Association Contact:
Alice Mickle, President alicescraftgallery@gmail.com