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**MASTER DECLARATION OF PROTECTIVE COVENANTS
FOR KENTWOOD VILLAGE**

Prepared by Murchison, Taylor & Gibson, PLLC
RETURNED TO 6 North Fifth Avenue, Wilmington, NC 28401

NORTH CAROLINA

NEW HANOVER COUNTY

THIS MASTER DECLARATION OF PROTECTIVE COVENANTS FOR KENTWOOD VILLAGE (these "Protective Covenants") is made this 13th day of February, 2004, by STEVENS BUILDING COMPANY, a North Carolina corporation ("DECLARANT")

DECLARANT is the owner of the real property described in Exhibit A, which is attached hereto and incorporated by reference. These Protective Covenants impose restrictions upon the Properties (as defined in ARTICLE 1 herein) under a general scheme of development for the mutual benefit of the owners of each portion of the Properties.

DECLARANT hereby declares that all of the property described in Exhibit A, as well as any additional property subjected to these Protective Covenants by Supplemental Declaration in accordance with the terms hereof, shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with the real property subjected to these Protective Covenants. These Protective Covenants shall be binding on and shall inure to the benefit of all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors, and assigns.

**ARTICLE 1
DEFINITIONS**

The terms used in these Protective Covenants shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 "Articles of Incorporation" or "Articles". the Articles of Incorporation of Kentwood Village Homeowner's Association, Inc, which have been or will be filed with the North Carolina Secretary of State, and as may be amended from time to time.

1.2 "Association". Kentwood Village Homeowner's Association, Inc, a North Carolina nonprofit corporation, formed or to be formed by the DECLARANT as a property owners association for unit owners in the Residential Community, all of whom shall be members of the Association.

1.3 "Board of Directors" or "Board". the board governing the Association and managing the affairs of the Association.

1.4 "Business" and/or "Trade" shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration.

1 5 "By-Laws" the By-Laws of Kentwood Village Homeowner's Association, Inc , as they may be modified or amended from time to time The initial By-Laws are attached hereto as Exhibit B

1 6 "Class "B" Control Period" the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors as provided in Section 3 3

1 7 "Committee" the Architectural Review Committee, as described in ARTICLE 10 herein

1 8 "Common Area" all real and personal property which the Association owns or leases, or which is designated as "common area", "open space" or "private open space" on any plat of the Properties (or any portion thereof) recorded by DECLARANT, and which is held or maintained for the common use and enjoyment of the Members Without limiting the generality of the foregoing, the Common Area shall be deemed to include all areas labeled as "Private Open Space" or "Open Space" on that certain plat of Kentwood Village recorded in Map Book 45, Page 146 in the New Hanover County Public Registry

1 9 "Common Expenses" the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve and actual and estimated expenses of maintaining and operating the Common Areas (including, without limitation, drainage ponds, ditches and swales), conservation and buffer areas, and landscaped areas within road right of ways, as the Board may find necessary and appropriate pursuant to these Protective Covenants the By-Laws, and the Articles of Incorporation, as well as certain maintenance of the exterior portions of the Units, including the following

- (a) All sums lawfully assessed by the Association against its Members,
- (b) Expenses of administration, maintenance, repair or replacement of the Common Areas and the stormwater system,
- (c) Expenses declared to be Common Expenses by the provisions of these Protective Covenants or the By-Laws,
- (d) Expenses agreed by the Members to be Common Expenses of the Association,
- (e) Any ad valorem taxes and public assessments levied against the Common Area,
- (f) Any expenses incurred by the Association in connection with the care, inspection and maintenance (including, without limitation, lawn mowing, trimming and other lawn maintenance services provided by the Association from time to time) of the front yards of the Units as deemed necessary by the Association in accordance with the Community-Wide Standard,
- (g) Any expenses incurred by the Association in connection with the care, inspection and maintenance of wooden fences located on a Unit which is provided in connection with the initial development of the home on such Unit ("Wooden Fences"),
- (h) Any expenses incurred by the Association in connection with the care, maintenance, repair and replacement of any wooden "inlays" constituting part of the driveway of a Unit ("Wooden Inlays"), and
- (i) Any expenses incurred by the Association in connection with the care, maintenance, lighting, repair and replacement of the brick wall located by the developer along Sea Spray Drive and the plantings and landscaping of any Common Areas around such wall (collectively, the "Brick Wall")

Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by Voting Members representing a majority of the total Class "A" votes of the Association

1 10 "Community-Wide Standard" the standard of conduct, maintenance, or other activity generally prevailing throughout the Residential Community. Such standard may be more specifically determined by the Board of Directors and the Architectural Review Committee.

1 11 "DECLARANT" Stevens Building Company, a North Carolina corporation, together with such successors or assigns of DECLARANT who should acquire more than one undeveloped Unit from the DECLARANT for the purpose of development and who are specifically granted DECLARANT's rights hereunder.

1 12 "Design Guidelines" the architectural design guidelines and procedures set forth in ARTICLE 10 and/or adopted by the Architectural Review Committee pursuant to ARTICLE 10 and applicable to all Units within the Properties.

1 13 "Future Development Property" any real property owned by DECLARANT within a one (1) mile radius of the Properties.

1 14 "Individual Assessment" assessments levied in accordance with Section 9.6 of these Protective Covenants.

1 15 "Kentwood Village" the development created or to be created on the Properties.

1 16 "Limited Common Area" portions of the Common Area which the Association or DECLARANT has designated for the common use and enjoyment of more than one, but less than all, of the Members.

1 17 "Master Assessment" assessments levied on all Units subject to assessment under ARTICLE 9 to fund Common Expenses for the general benefit of all Units.

1 18 "Member" a Person entitled to membership in the Association, as provided in Section 3.2.

1 19 "Mortgage" a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1 20 "Mortgagee" a beneficiary or holder of a Mortgage.

1 21 "Mortgagor" any Person who gives a Mortgage.

1 22 "Owner" the record Owner, whether one or more persons or entities, of a fee simple title to any Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1 23 "Person" a natural person, a corporation, a partnership or limited partnership, a limited liability company or partnership, a trustee, association, or any other legal entity.

1 24 "Planned Community Act" the North Carolina Planned Community Act (N.C.G.S. §47F-1-101 et seq.), as same may be amended from time to time.

1 25 "Property" or "Properties" the real property described in Exhibit A, together with such additions thereto (including, without limitation, portions of the Future Development Property) as may hereafter be brought within the jurisdiction of the Association by the filing of a Supplemental Declaration.

1 26 "Protective Covenants" shall mean this instrument as it may from time to time be amended or supplemented.

1 27 "Residential Community" the residential development created or to be created on the Property.

1 28 "Rules and Regulations" the rules and regulations adopted by the Board governing land use, individual conduct and uses or actions upon the Property.

1 29 "Service Assessment" assessments levied in accordance with Section 9.13 of these Protective Covenants.

1 30 "Special Assessment" assessments levied in accordance with Section 9 5 of these Protective Covenants

1 31 "Supplemental Declaration" an amendment or supplement to these Protective Covenants filed pursuant to ARTICLE 8 which subjects additional property to these Protective Covenants and/or imposes, expressly or by reference, changes to or additional restrictions and obligations on the land described therein

1 32 "Unit" a portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon The term shall include, by way of illustration but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, single-family detached houses on separately platted lots, and single family residential lots

ARTICLE 2 PROPERTY RIGHTS

2 1 Right to Use and Enjoyment of Common Area Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, and for ingress and egress to and from the Common Area, which shall be appurtenant to and pass with the title to every Unit, subject to the following provisions

(a) These Protective Covenants, the Articles, the By-Laws, the Rules and Regulations and any other applicable covenants or Supplemental Declarations,

(b) Any restrictions or limitations contained in any deed conveying such property to the Association,

(c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area and improvements thereon, including rules restricting use of the recreational facilities within the Common Area to occupants of Units and their guests and rules limiting the number of guests who may use the Common Area, and the right of the Board to establish penalties for any infractions thereof,

(d) The right of the Board to suspend the voting rights and the right to use the Common Areas and the recreational facilities within the Common Area by an Owner (i) for any period during which any charge against such Owner's Unit remains unpaid, and (ii) for a period not to exceed sixty (60) days for a single violation, or for a longer period in the case of any continuing violation, of these Protective Covenants, any applicable Supplemental Declaration, the Articles, the By-Laws, the Design Guidelines or the Rules and Regulations, after notice and a hearing pursuant to the By-Laws,

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 4 7,

(f) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth herein and the rights of such Mortgagees in said properties shall be subordinate to the rights of the Unit Owners hereunder, and

(g) Easements as provided in ARTICLE 12

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, contract purchasers and social invitees, subject to reasonable Board regulation An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the duration of the lease and any such lessee shall abide by all the restrictions contained herein Any such lease shall not release the owner of his liability for damage to the Common Area caused by said lessee

2 2 Use of SeaSpray Amenities DECLARANT has received non-binding representations from the developer of the adjacent development known as "SeaSpray Landing" that

the right to use the existing SeaSpray Landing clubhouse, tennis courts, swimming pools and other recreational amenities at SeaSpray Landing (collectively, the "SeaSpray Amenities") may be extended to Owners within the Residential Community subject to the payment of certain periodic use fees. Notwithstanding the foregoing, **NEITHER DECLARANT NOR THE ASSOCIATION MAKES ANY WARRANTIES OR REPRESENTATIONS WHATSOEVER WITH RESPECT TO ANY OWNER'S RIGHT OR PRIVILEGE TO USE THE SEASPRAY AMENITIES, AND EACH OWNER, BY ITS ACCEPTANCE OF TITLE TO ANY UNIT, THEREBY WAIVES ANY CLAIM AGAINST THE DECLARANT AND/OR THE ASSOCIATION RELATIVE TO THE USE OF THE SEASPRAY AMENITIES.** In the event an arrangement is established for the use of the SeaSpray Amenities and such arrangement requires the collection of assessments for such usage, the Association shall have the right and power to collect such payments with assessments as provided in Article 9 herein.

ARTICLE 3

ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

3.1 Function of Association The Association shall be the entity responsible for management, maintenance, ownership, operation and control of the Common Area owned or leased by the Association within the Properties. The Association shall also be responsible for providing certain maintenance services for the exterior portions of Units as more particularly provided in ARTICLE 5 herein. The Association shall be the primary entity responsible for enforcement of these Protective Covenants and such reasonable rules regulating use of the Common Areas owned or leased by the Association as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural design guidelines and controls set forth in these Protective Covenants and in the Design Guidelines. The Association shall perform its functions in accordance with these Protective Covenants, the By-Laws, the Articles and applicable North Carolina law.

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

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

(a) Class "A" Class "A" Members shall be all Owners of Units except the Class "B" Member, if any. Class "A" Members shall have one vote for each Unit in which they hold the interest required for membership under Section 3.2, there shall be only one vote per Unit.

(b) Class "B" The sole Class "B" Member shall be the DECLARANT. The rights of the Class "B" Member, including the right to approve or withhold approval of actions proposed under these Protective Covenants and the By-Laws, are specified elsewhere in the Protective Covenants and the By-Laws. The Class "B" Member may appoint the members of the Board during the Class "B" Control Period, as specified herein. After termination of the Class "B" Control Period, the members of the Board shall be selected as provided in the By-Laws.

During the Class "B" Control Period, the Class "B" Member shall be entitled to six (6) votes for each platted Unit and six (6) votes for each planned but currently-unplatted Unit in the Residential Community. The total number of planned Units in the Residential Community is currently twenty-eight (28), although the actual number of Units may be more or less, and the Class "B" Member makes no representation whatsoever regarding the actual number of Units to be included in the Residential Community. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

(i) when the DECLARANT owns ten percent (10%) or less of the total number of the planned Units in the Residential Community, including any of the Future Development Property which may be annexed thereto, as herein provided, or

(ii) on January 1, 2043

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

3.4 Subordinate Associations and Declarations No declaration, restrictive covenants, or property owner's association shall be established upon or be binding upon or applicable to any of the Properties unless approved in writing by DECLARANT

ARTICLE 4 RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

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

4.2 Personal Property and Real Property for Common Use The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. DECLARANT may convey to the Association improved or unimproved real estate located within the Residential Community, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed

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

4.4 Enforcement The Association may impose sanctions for violations of these Protective Covenants, the By-Laws, or Rules and Regulations, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as an Individual Assessment authorized by Section 9.6 of these Protective Covenants

4.5 Implied Rights, Board Authority The Association may exercise any other right or privilege given to it expressly by these Protective Covenants or the By-Laws, by the Planned Community Act or Chapter 55A of the North Carolina General Statutes, and as reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in these Protective Covenants, the By-Laws, Articles, all rights and powers of the Association may be exercised by the Board without a vote of the membership

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

4 7 Dedication of Common Areas The Association may dedicate portions of the Common Areas to any local, state, or federal governmental entity, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association

4 8 Security The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be NEITHER THE ASSOCIATION NOR THE DECLARANT (OR ANY SUCCESSOR TO DECLARANT) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES

4 9 Management and Administration The management and administration of the Association Common Areas and Amenities shall be the sole right and responsibility of the Association The management shall be carried out in accordance with the terms and conditions of these Protective Covenants, the Articles, By-Laws and Rules and Regulations, but they may be delegated to Manager(s) or a management service

4 10 Assignment to Association DECLARANT shall be entitled to assign all water, sewer, land use, stormwater system and utility permits, agreements and easements between DECLARANT and any governmental agency or department or public or private utility company to the Association, in which case the Association shall be required to assume same After such an assignment, the Association shall be responsible for and assume all duties, obligations, and rights and privileges of the DECLARANT under such permits, agreements and easements, including all maintenance responsibility, even if part of the water, sewer, land use, stormwater system or utility areas covered by the permits, agreements and easements are not located within the Properties

4 11 Common Area The Common Area cannot be mortgaged, conveyed or encumbered without the consent of eighty percent (80%) of the Unit Owners During the Class "B" Control Period, any such mortgage, conveyance or encumbrance shall also require the consent of DECLARANT

ARTICLE 5 MAINTENANCE

5 1 Association's Responsibility The Association shall maintain and keep in good repair the Common Area, which may include, but need not be limited to

(a) all landscaping and other flora, parks, and signage for the Residential Community situated upon the Common Area, structures and improvements situated upon the Common Area, including any private streets and rights of way and islands within their streets and cul-de-sacs, bicycle and pedestrian pathways and trails situated upon the Common Area, ponds, lakes, drainways, recreation pathways within or upon the Common Area, the entrance to the Residential Community (provided that maintenance of certain areas may be shared by owners of other developments in the area, in which case the Association shall be responsible for its allotted share or portion of such maintenance), any Wooden Fences, Wooden Inlays and portions of the Brick Wall (as such terms are defined in Section 1 9(f) herein) which may be located on the Common Area, and any other areas designated as Common Area or Limited Common Area by DECLARANT, and

(b) any other Common Area designated by the Board or the DECLARANT, from time to time in a Supplemental Declaration

The Association may, at its option, assume responsibility for certain exterior maintenance of the Units, the stormwater system, and any portions of Wooden Fences, Wooden Inlays and the Brick Wall which may be located upon any Units (in which event the costs of such maintenance shall be Common Expenses hereunder), provided, however, and notwithstanding anything herein to the contrary, the Association shall be entitled to discontinue maintenance of the exteriors of any Unit at any time in its discretion, whereupon all such exterior maintenance of such Unit shall immediately and automatically become the obligation of the relevant Unit Owner

5.2 Owner's Responsibility With the exception of exterior maintenance duties assumed by the Association pursuant to Section 5.1 herein, each Owner shall maintain his or her Unit and all structures, parking areas, landscaping and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to the Supplemental Declaration or other Declaration of Protective Covenants applicable to such Unit. As to Units which abut a watercourse or body of water, it shall be the responsibility of each Owner to maintain, in a manner consistent with the Community-Wide Standard and these Protective Covenants, any area lying between the boundary or lot line of such Unit and the waterline of such watercourse or body of water (as such waterline may fluctuate from time to time). Any fencing which is not maintained by the Association shall be maintained and kept in good condition and repair by the Owner of the Unit on which such fencing is located (at such Owner's cost and expense). In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may, but is not required to, perform such maintenance responsibility and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 9.6. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.3 Maintenance of Units Subject to the Association's maintenance of the exterior portions of Units as provided in Section 5.1 herein, each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Community-Wide Standard and these Protective Covenants, the Articles, the By-Laws, the Rules and Regulations and any other applicable covenants or Supplemental Declarations, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. If, in the opinion of the Association, any Owner shall fail to maintain any Unit owned by him in a manner which is reasonably neat and orderly and as is required by Article 12 herein or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, all in the sole opinion of the Association, the Association in its discretion, by the affirmative vote of a majority of the members of the Board of Directors, and following ten (10) days written notice to Owner, may enter upon and make or cause to be made repairs to such improvements and perform such maintenance on the Unit as the removal of trash, cutting of grass, pruning of shrubbery, weeding and items of erosion control. The Association shall have an easement for the purpose of accomplishing the foregoing. The reasonable cost incurred by the Association in rendering all such services, plus a service charge of fifteen percent (15%) of such cost, shall be added to and become an Individual Assessment to which such Unit is subject as provided in ARTICLE 9 herein.

5.4 Standard of Performance Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as other duties, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants.

ARTICLE 6 INSURANCE AND CASUALTY LOSSES

The Association shall maintain adequate and appropriate insurance coverage on all Common Areas, as provided in the By-Laws of the Association and as required by the Planned Community Act.

ARTICLE 7 SUBDIVISION

No Unit or Units shall be subdivided except to enlarge an adjoining Unit, but any Unit so enlarged cannot be improved with more than one single family dwelling. An Owner of a Unit and a portion or all of an adjoining or contiguous Unit or Units may construct a dwelling or other structure permitted hereunder upon and across the dividing line of such adjoining and contiguous Unit(s). The number of Units shall remain the same and shall be treated for all purposes under these Protective Covenants as two (2) or more units. Notwithstanding the preceding provisions of this Article 7 to the contrary, DECLARANT shall be entitled to revise and move lot lines of any Units owned by DECLARANT as long as the total number of Units remains the same.

ARTICLE 8
ANNEXATION AND WITHDRAWAL OF PROPERTY

8 1 Annexation without Approval of Membership

(a) Until January 1, 2043, DECLARANT may subject any portion(s) or all of the Future Development Property to the provisions of these Protective Covenants as provided in this Section 8 1. DECLARANT may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the Property. Nothing in these Protective Covenants shall be construed to require the DECLARANT or any successor to annex or develop any of the Future Development Property in any manner whatsoever.

(b) An annexation by DECLARANT under Section 8 1(a) shall be accomplished by filing a Supplemental Declaration in the land records of New Hanover County, North Carolina, describing the property to be annexed and specifically subjecting it to the terms of these Protective Covenants. Such Supplemental Declaration shall not require the consent of any Members other than DECLARANT, but shall require the consent of the owner of such property, if other than DECLARANT. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

8 2 Annexation by Membership Except as provided in Section 8 1 herein, annexation of additional property shall require the assent of two-thirds (2/3) of the Class "A" Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. During the Class "B" Control Period, annexation of additional property under this Section 8 2 shall also require the consent of DECLARANT.

8 3 Withdrawal of Property The DECLARANT reserves the right to amend these Protective Covenants so long as it has a right to annex additional property pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the DECLARANT, its affiliates, or the Association from the coverage of these Protective Covenants, to the extent originally included in error or as a result of any changes in the DECLARANT'S plans for the Properties, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

8 4 Additional Covenants and Easements The DECLARANT may unilaterally subject the property submitted to these Protective Covenants initially or by Supplemental Declaration to additional covenants and easements, provided that such amendment or modification does not alter the general or common scheme of development for the Properties described herein and further provided that this right to amend shall not render these covenants and restrictions purely personal to the DECLARANT and the benefits and burdens contained in these Protective Covenants shall remain mutual and reciprocal to all Owners.

8 5 Amendment This Article shall not be amended without the prior written consent of DECLARANT during the Class "B" Control Period.

ARTICLE 9
ASSESSMENTS

9 1 Creation of Assessments

(a) The Association is hereby authorized to levy assessments against each Unit for Association expenses as the Board may specifically authorize from time to time as more particularly provided in this Article 9. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

(b) All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by North Carolina law), late charges, costs, and reasonable attorney's fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 9 9. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the

Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage or any individual obtaining title by or through a foreclosure shall be personally liable for unpaid assessments which accrued prior to such acquisition of title. In the event of any transfer of title to a Unit, the lien of the assessments shall not be extinguished.

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

9.2 DECLARANT'S Obligation for Assessments During the Class "B" Control Period, DECLARANT shall not be obligated to pay any regular assessments on its unsold Units. Until the end of the Class "B" Control Period, all Common Expenses shall be borne by the Owners of Units sold by DECLARANT to unaffiliated third parties (and assessments on DECLARANT's unsold Units will only be payable to the extent needed to cover any shortfall not otherwise payable by assessments under this Article 9). After the expiration of the Class "B" Control Period, any unsold Units owned by DECLARANT shall be subject to assessment on the same terms as all other Units.

9.3 Computation of Master Association Assessment The Board shall prepare and distribute to the Members a budget covering the estimated Common Expenses during the coming year (including, without limitation, a capital contribution to establish a reserve fund in accordance with a budget prepared as provided in Section 9.4) as and to the extent required in the Planned Community Act.

9.4 Capital Reserve Budget The Board shall annually prepare a capital reserve budget for maintenance and replacement of capital improvements which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost.

9.5 Special Assessments In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover capital improvements or unbudgeted expenses (including, without limitation, expenses required to complete repair, maintenance and/or clean-up which the Board deems necessary or advisable after a storm, hurricane or other casualty event) or other expenses in excess of those budgeted. The Board may establish the amount of the Special Assessment if it is ONE HUNDRED DOLLARS (\$100.00) or less in any assessment year for each Member. All other Special Assessments shall require the affirmative vote of sixty-seven percent (67%) of Members present and voting in person or by proxy which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

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

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

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

(c) to cover costs incurred in bringing the Unit into compliance with the terms of these Protective Covenants, including, without limitation, Section 5.3, any applicable Supplemental Declaration, the Articles, the By-Laws, Rules and Regulations, or Design Guidelines or costs incurred as a consequence of the conduct of the Owner or occupant of the Unit, their lessees, licensees, invitees, or guest, provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying an Individual Assessment under this subsection (c), and

(d) to cover any costs or expenses assessed against or charged to the Association by the Seaspray Landing Homeowners' Association, Inc., a North Carolina corporation (the "Sea Spray Association"), or any other entity from time to time, relative to such Owner's use and enjoyment of the SeaSpray Amenities (but only to the extent the Association elects to collect same, it being acknowledged that the Association shall have no obligation to collect same unless it otherwise agrees in writing) Notwithstanding the foregoing, the Association shall be entitled, in its discretion, to elect to include any charges it collects under this Section 9.6(d) as part of the Master Association Assessment

9.7 Working Capital Assessment Upon the conveyance of title to any Unit, the acquiring Owner shall contribute to the Association, as working capital, a working capital assessment of Two Hundred Dollars (\$200.00). Such funds shall be used for operating and capital expenses of the Association, such as prepaid insurance, supplies, furnishings and equipment, etc. Amounts paid into the working capital fund are not to be considered advance payment of regular assessments. All working capital funds shall become part of the general operating funds of the Association.

9.8 Date of Commencement of Master Association Assessments and Due Dates The Master Association assessments provided for herein shall commence on the date of conveyance of each Unit to an Owner other than DECLARANT. The due dates shall be established by the Board of Directors.

9.9 Lien for Assessments

(a) All assessments authorized in this Article shall constitute a lien against the Unit against which they are levied until paid. The lien shall also secure payment of interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including reasonable attorneys fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any recorded first Mortgage made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

(b) The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of New Hanover County or file a suit to collect such delinquent assessments and charges. The Association may file Notice of Lis Pendens, bring an action of law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property, or utilize any other remedy provided under North Carolina law. No Owner may waive or otherwise escape liability for the assessments provided for herein.

(c) Upon foreclosure of the lien referenced in this Section 9.9, the Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure (a) no right to vote shall be exercised on its behalf, (b) no assessment shall be levied on it, and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

9.10 Effect of Nonpayment of Assessments Remedies of the Association Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at a rate not to exceed the maximum legal rate allowed in the State of North Carolina per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest,

costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments.

9 11 Failure to Assess Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release or any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Master Association Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

9 12 Exempt Property The following property shall be exempt from payment of Master Association Assessments, Service Assessments and Special Assessments:

- (a) all Common Area or Limited Common Area,
- (b) any property dedicated to and accepted by any governmental authority or public utility,
- (c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment hereunder (in which case the Unit shall not be exempted from assessment),
- (d) any Unit which is not approved by any governmental agency for residential use, and
- (e) any Unit or property owned of record by the DECLARANT, its successors or assigns, except as otherwise provided in Section 9 2.

9 13 Service Assessments The Board shall have the power to levy Service Assessments against a particular Unit or Units constituting less than all Units within the Properties to cover the costs, including overhead and administrative costs, of providing specialized maintenance and/or landscaping services to such Units and the occupants thereof (unless such maintenance is part of the services provided by the Association to Owners generally, in which case the cost of such maintenance shall be included in the Master Association Assessment). Such assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner.

9 14 Surplus Funds Any excess of Association income over Common Expenses (as defined in Section 1 9 herein and which shall include reasonable reserves) shall be applied against the subsequent tax year's general assessments.

ARTICLE 10 DESIGN GUIDELINES

10 1 General

(a) No structures, buildings, improvements or construction, which shall include within its definition, clearing, grading, excavation and other sitework, shall be commenced, erected, or maintained upon any Unit or the Properties, nor shall any exterior addition to or change or alteration therein (including, without limitation, any change of color) be made, except in compliance with this Article and the Design Guidelines, nor shall any such work commence until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee according to the provisions of Section 10 2. Structures, buildings and improvements shall include, but not be limited to, any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, treehouse, playhouse, sign, flag pole, antenna, satellite dish, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

(b) Any Owner may remodel, paint or redecorate the interior of structures on his Unit without approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

(c) This Article shall not apply to the activities of the DECLARANT, nor to improvements to the Common Area by or on behalf of the Association.

(d) During the Class "B" Control Period, this Article may not be amended without the DECLARANT'S written consent.

10.2 Architectural Review

(a) Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article shall be handled by the Committee as described in subsection (b) below. The members of the Committee need not be Members of the Association and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full or prior to review.

(b) Architectural Review Committee (herein "Committee") The Committee shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all construction on any portion of the Properties. For as long as DECLARANT owns any Unit within the Properties, the DECLARANT retains the right to appoint all members of the Committee who shall serve at the DECLARANT'S discretion. After the sale of the last Unit owned by DECLARANT to a third party, the Board shall be entitled to appoint the members of the Committee, who shall serve and may be removed in the Board's discretion.

10.3 Guidelines and Procedures The DECLARANT shall prepare the initial Design Guidelines and application and review procedures (the "Design Guidelines") which shall apply to all construction activities within the Properties. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, and intended use. The Committee shall adopt such Design Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them subject to the approval of the Board of Directors. The Committee shall make the Design Guidelines available to Owners who seek to engage in development or construction within the Properties and all such Persons shall conduct their activities in accordance with such Design Guidelines.

10.4 Submission of Plans and Specifications

(a) No construction or improvements, as defined in Section 10.1(a), shall be commenced, erected, placed or maintained on any Unit, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening shall have been submitted to and approved in writing by the Committee. The Design Guidelines shall set forth the procedure for submission of the Plans. A reasonable fee for the review of said plans may be required by the Committee, in which case such fee shall be submitted along with said Plans and any other supporting documents required by Committee. The Board or the Committee may also require an additional security deposit to be posted prior to the commencement of any construction or work, which sum shall be used to collect any fees, fines or penalties incurred during construction or work. If such a security deposit is required, any portion of the security deposit remaining upon the completion of construction shall be returned to the Owner.

(b) In reviewing each submission, the Committee may consider visual aesthetics, natural platforms and finish grade elevations, harmony of external design with surrounding structures and environment, and location in the relation to surrounding structures and plant life. The Committee may require relocation of native plants within the construction site as a

condition of approval of any submission. Location of any driveways shall be subject to the approval of the Committee.

(c) The Association shall have the right to refuse to approve any plans and specifications or grading plans which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons. In so approving such plans, specifications and grading plans, the Association shall consider the suitability of the proposed building, improvements, structure, or landscaping and the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect thereof on the adjacent or neighboring property.

(d) No bulldozing or clearing of trees or excavation of lakes or ponds shall be commenced until the plans, specifications and grading plans showing the nature, kind, shape and location of work to be done shall have been submitted to and approved in writing by the Association and a copy thereof, as finally approved, filed permanently with the Association.

(e) The Committee shall, within forty-five (45) days after receipt of each submission of the Plans, advise the party submitting the same in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with these Protective Covenants and/or the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the US Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

(f) If construction does not commence on a project for which Plans have been approved within nine (9) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

(g) Once construction has been initiated on a Unit, the Owner thereof must complete such construction within ten (10) months. If an Owner does not comply with such schedule, then DECLARANT, the Board and the Association shall each have the right (but not the obligation) to complete such construction on Owner's behalf and at such Owner's expense. In the event the DECLARANT, the Board or the Association exercises the right provided in the immediately preceding sentence, then DECLARANT, the Board and/or the Association (as the case may be) shall be entitled to collect from such Owner, in addition to a reimbursement of all costs expended in the completion of construction of the Unit, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in completing the work. Any and all of the foregoing costs and fees that may be incurred by or payable to DECLARANT, the Board and/or the Association shall be a charge and continuing lien upon such Unit until paid, and DECLARANT, the Board and/or the Association may bring an action against such Owner, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount payable to DECLARANT, the Board and/or the Association.

10.5 No Waiver of Future Approvals Each Owner acknowledges that the members of the Committee will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

10.6 Variance The Committee may authorize in its discretion reasonable variances or adjustments from compliance with any of its guidelines and procedures in order to alleviate practical difficulties and hardship in their enforcement and operation. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, or (b) stop the Committee from denying a variance in other circumstances. Any such variances shall

not violate the spirit or the intent of this document to create a subdivision of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association

10 7 Limitation of Liability Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements Neither the DECLARANT, the Association, the Board, nor the Committee, shall be held liable for any injury, damages, or loss arising out of the review and approval of any application, including, but not limited to, the granting of a variance, the manner or quality of construction, defects in any plans or specifications, or deficiencies in kind or quality of materials used, or for ensuring compliance with building codes and other governmental requirements

10 8 Enforcement

(a) Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming Upon written request from the Board or the DECLARANT, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work Should an Owner fail to remove and restore as required, then DECLARANT, the Board and the Association shall each have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit's Owner and the benefited Unit and collected as an Individual Assessment In the event the DECLARANT, the Board and/or the Association exercises any right provided above in this Section 10 8(a), then DECLARANT, the Board and/or the Association (as the case may be) shall be entitled to collect from the relevant Owner, in addition to a reimbursement of all costs expended in the removal of the violation and/or the restoration of the property, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in performing the work

(b) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties In such event, none of the Association, its officers, or its directors shall be held liable to any Person for exercising the rights granted by this paragraph

(c) The Association shall have the authority to establish fines for violations of this Article and the Design Guidelines, including fines for continuing violations The fine amounts may be deducted from any bond posted If the fines are not paid, the Association may establish an Individual Assessment in accordance with the provisions of ARTICLE 9

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

10 9 Architectural Change Committee At the discretion of the DECLARANT (or, if after the expiration of the Class "B" Control Period, at the discretion of the Association), either Declarant or the Association (as the case may be) shall have the option, but not the obligation, to establish an Architectural Change Committee to review minor changes or renovations to improvements previously approved by the Committee If the DECLARANT or the Association elects to establish such an Architectural Change Committee, the Board shall establish guidelines regarding the operation and jurisdiction of such committee and shall appoint its members, each of whom shall serve and may be removed in the Board's discretion Additionally, during the Class "B" Control Period, the DECLARANT shall have the right to remove and replace any member of the Architectural Change Committee

ARTICLE 11

USE GUIDELINES AND RESTRICTIONS

11 1 Plan of Development, Applicability, Effect

(a) DECLARANT has created the Residential Community as a residential development and, in furtherance of its and every other Owner's interest, has established a general plan of development for the Residential Community Accordingly, the Properties are subject to guidelines

and restrictions governing land use, individual conduct, and uses of or actions upon the Properties as provided in this ARTICLE 11. These Protective Covenants establish affirmative and negative covenants, easements, and restrictions (the "Use Guidelines and Restrictions")

(b) All provisions of these Protective Covenants and of any Association rules shall also apply to all occupants, lessees, guests and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of these Protective Covenants, the By-Laws, and the rules of the Association.

11.2 Rules and Regulations Subject to the terms of this ARTICLE 11, the Board shall implement and manage the Use Guidelines and Restrictions through rules and regulations which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions.

11.3 Owners' Acknowledgment

(a) All Owners and all the Properties are subject to the Use Guidelines and Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Section 11.2.

(b) Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by these provisions, agrees to be bound thereby, and that the Use Guidelines and Restrictions and rules may change from time to time.

11.4 Rights of Owners Except as may be specifically set forth in Section 11.5, the Board may not adopt any rule in violation of the following restriction: No rules shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance, or that create a nuisance.

11.5 Use Guidelines and Restrictions

(a) General The Properties shall be used only for residential and related purposes (which may include, without limitation, offices for any property manager retained by the Association, business or sales offices for the DECLARANT or the Association, and certain recreational uses ancillary to home ownership or as permitted in the Common Areas), except as otherwise provided herein. No commercial use shall be permitted on any Unit except in accordance with Section 11.5(m).

(b) Animals and Pets No animals, livestock or poultry of any kind shall be raised, bred, kept or maintained on any Unit or in any dwelling except a limited number of domestic household pets, which limit may be set by the Board. Domestic household pets may not be raised, bred, or kept for any commercial purpose. Pets must be leashed at all times when off Owner's Unit and droppings must be immediately removed. Fines assessed by the Association shall become an Individual Assessment in accordance with ARTICLE 9. All parties are hereby notified that, in the event any dog kept or maintained on a Unit or in any dwelling on the Properties barks excessively, continuously or in a manner that constitutes a nuisance, the Board may require such dog to wear a collar designed to reduce or control such excessive barking (provided that such action shall in no event limit any other rights or remedies for such situation that may be available to the Board or to any other parties at law or in equity).

(c) Placement of Outdoor Clothes Drying Structure No outdoor poles, clotheslines or similar equipment shall be erected or located on any Unit.

(d) Offensive and Illegal Activities No immoral, improper, illegal, noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereof tending to cause embarrassment, discomfort, annoyance or nuisance to the Association, the DECLARANT or any Owners. There shall not be maintained any plants or animals, odors, fumes, or device or anything of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the

enjoyment of other property in the neighborhood by the Owners thereof. All laws, orders, rules, regulations, ordinances or requirements of any government agency having jurisdiction thereof, relating to any parties of the property, shall be complied with, by or at the sole expense of the Owner or of the Association, whichever shall have the obligation to maintain or repair such portion of the property.

(e) Parking Parking of vehicles on any street in the Properties shall be allowed only in accordance with the policy determined by the Board of Directors. No truck nor other vehicle in excess of a three-quarter (3/4) ton load capacity, boat, vessel, motorboat, camper, trailer, motor or mobile home, or similar type vehicle or apparatus shall be parked or kept overnight or longer, on any street or on any Unit unless it is stored in an enclosed garage or in such a manner as to not be visible to the Owners of other Units or the users of a street or recreation area (it being agreed that if any screening or other improvements or landscaping used for the purpose of preventing visibility of such items shall be subject to the architectural review provisions of these Protective Covenants). All tools or other materials stored in vehicles for overnight parking shall be kept out of sight. No vehicles or equipment which are unsightly in appearance as determined by the Board of Directors shall be allowed.

(f) Repair or Removal of Buildings Any dwelling or improvement on any Unit that is destroyed in whole or in part by fire or other casualty shall be either rebuilt or torn down and all debris removed and the Unit restored to a slightly condition with reasonable promptness, provided, however, that in no event shall such debris remain on such Unit longer than three (3) months. If a replacement Unit is to be constructed, the replacement Unit must be approved by the Committee in accordance with ARTICLE 10.

(g) Outside Burning No outside burning shall be permitted except as may be approved by the Board in advance (provided that in no event shall burning be permitted except in compliance with all applicable governmental regulations).

(h) Signs The Committee shall approve all signs prior to installation and may impose size limits. Subject to applicable law, no signs, billboards or other advertising structure(s) of any kind shall be erected on any Unit or displayed to the public on any Unit subject to these restrictions without prior written approval of the Committee. This covenant shall not apply to signs erected by the DECLARANT, including signs used to identify and advertise the Properties as a whole. DECLARANT or Committee has the right to enter upon the unit and remove any unapproved sign. Without limiting the foregoing, the Committee shall issue guidelines from time to time outlining the Residential Community's policy for the posting of "for sale" signs and similar temporary signs by or upon any Unit (which policy shall include the permitted dimensions and appearance of such signs and may even prohibit such signs altogether).

(i) Hunting and Fishing No hunting or discharge of firearms within the subdivision is permitted. The Association, through its Board of Directors, reserves the right to control or remove animals (including, without limitation, the authorization of bow hunting to reduce or eliminate nuisance animals) subject to rules and restrictions to be determined by the Board. Fishing shall be permitted only in locations designated by the Board from time to time and shall be subject to reasonable restrictions imposed by the Board.

(j) Garbage Garbage and trash shall be disposed by Owners in accordance with the rules and regulations of the Association.

(k) Antennas No outside antennas or satellite dishes shall be erected on any Unit or structure unless and until permission for the same has been granted by the Committee. The design and location of the dish shall be approved by the Committee.

(l) Well Installation The Owners of single-family residential Units shall be allowed to install one single well per Unit for the purpose of irrigating the land comprising the Unit. This right shall be subject to the DECLARANT'S reservation of rights in all surface and sub-surface water in the Properties herein. All wells and pumps permitted under these Protective Covenants must be located so as not to be visible from any street or recreational area or Common Area and must be approved by the Committee, screened from view and kept free from discoloration, including rust. All structures within the Unit shall also be kept free from discoloration, including rust. In the event the use of water from any well is determined, in the Board's discretion, to be causing rust or discoloration on a Unit, the Board shall be entitled to require the Owner of such Unit to discontinue the use of such well.

(m) Restricted Activities The following activities are prohibited within the Properties unless expressly authorized by the Board subject to any conditions imposed by the Board

(i) Activities which materially disturb or destroy the vegetation, wildlife, water or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution,

(ii) Any Business or Trade, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Unit, (b) the activity does not involve regular visitation of the Unit by clients, employees, agents, customers, suppliers, or other business invitees, delivery services, or door-to-door solicitation of residents of the Properties, and (c) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board

(iii) Nothing shall be kept and no activity shall be carried on in any building, structure or home or on the Common Area which will increase the rate of insurance, applicable to residential use, for the property or the contents thereof No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his home or on the Common Area which will result in the cancellation of insurance on any portion of the property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation No waste shall be committed on any portion of the Common Area

(n) Property Damage Owners shall be responsible for any damage done to any streets, roadways, accessways, curbing, street gutters, sidewalks, Common Areas or property of other Owners within the Properties which may be caused by any Owner, his agents, contractor or its subcontractor lessees, employees, guests, licensees or invitees The Association shall have the authority to assess any Owner for such damage and such charge shall be an Individual Assessment against the Owner and his Unit(s) and may be enforced in accordance with the provisions of ARTICLE 9 herein

(o) Junk Vehicles No stripped, partially wrecked, junk motor vehicle, or part thereof, or any motor vehicle not displaying a current valid inspection sticker shall be permitted to be parked or kept on any Unit

(p) Garbage Cans and Fuel Tanks All trash receptacles and garbage cans shall be screened so as not to be visible by the Owners of other Units or the users of any street or recreation area All such screening shall be approved by the Committee No fuel tanks or similar storage receptacles may be exposed to view The placement of any such receptacles may be approved by the Committee or DECLARANT and may only be located within the main dwelling house, within an accessory building, within a screened area, or buried underground

(q) Mailboxes All mailboxes and other such receptacles must be approved in advance by the Committee Any boxes provided by the DECLARANT on a Unit shall be considered an improvement and must remain with the Unit and must be maintained by the Unit Owner Boxes and/or posts damaged shall be repaired to an attractive condition or replaced by the Unit Owner within thirty (30) days of loss or damage The restrictions in this subparagraph (q) shall not apply to any cluster mailboxes provided by DECLARANT on the Common Area (if applicable)

(r) Outdoor Objects No outdoor statuary, flags or other decorative objects may be placed on any Unit without the written approval of the Committee The American Flag no larger than 3 feet x 5 feet may be flown on a pole no longer than 5 foot 6 inches from a pole holder attached to the home in an approved location which can be reached by hand from the ground below so as to be easily installed and removed Any flags will be displayed in accordance with traditional rules and regulations governing the flying and display of the American Flag

(s) Alteration of Common Area No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction of and with the express written consent of the Committee

(t) Use of Common Areas The Common Areas shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the homes, subject to any Rules or Regulations that may be adopted by the Association hereunder or pursuant to its By-Laws

(u) Storage of Personal Property All lawn mowers, bicycles, toys, grills and other similar objects must be stored when not in use so as not to be visible by the Owners of other Units or the users of any street or recreation area or common area

(v) Exterior Features and Structures All exterior storage areas, laundry facilities, utility areas, service yards or areas and carports are to be screened from view from streets and adjacent properties by an enclosure, fence, wall or natural landscape materials Any screening shall be subject to the architectural review requirements of these Protective Covenants

(w) Road Use The roads are to be used by vehicles or pedestrians for the purposes of transportation At no time shall any vehicle exceed the speed limit as determined by the Association or the applicable governmental authority No permanent, frequent, or long-term parking is permitted along or on major roads and promenades except in specifically designated areas The Association is entitled to adopt reasonable rules and regulations regarding the supervision, maintenance, control, regulation and use of the roads and promenades, and to enforce the same in any lawful manner which may include, but not be limited to, the imposition of fines for violations thereof, which fines shall be Individual Assessments and may be enforced in accordance with the provisions of ARTICLE 9

(x) DECLARANT'S Activities (1) This subsection 11.5 shall not apply to any activity conducted by the DECLARANT or its assigns with respect to its development and sale of the Properties or any commercial activities of the DECLARANT or its assigns, including any sales office maintained by DECLARANT or its assigns, and (2) DECLARANT shall be specifically authorized to rent or lease any Unit which it owns or manages for other Owners, and to maintain model Units or sales offices in any Unit which it owns or leases

11.6 Stormwater Run Off Rules The covenants in this Section 11.6 are intended to ensure ongoing compliance with State Stormwater Management Permit Number SW8020833 (the "Permit"), as issued by the North Carolina Division of Water Quality ("NCDWQ") under NCAC2H 1000

(a) The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the Permit

(b) The covenants under this Section 11.6 are to run with the land and be binding on all persons and parties claiming under them

(c) The covenants under this Section 11.6 pertaining to stormwater regulations may not be altered or rescinded without consent of NCDWQ

(d) Alteration of the drainage as shown on the plans for the Subdivision approved by NCDWQ may not take place without the concurrence of NCDWQ

(e) The maximum built upon area per Unit is 3,000 square feet This allotted amount includes any built-upon area constructed within the Unit property boundaries, and that portion of the right-of-way between the front line and the edge of the pavement Built upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, coquina, driveways, and parking areas, but does not include raised, open wood decking or the water surface of swimming pools

(f) Filling in, piping or altering any designated 5' curb outlet swale (as described in Section 11.6(i) below) or 100 foot vegetated area associated with the development is prohibited by any persons

(g) Each Unit will maintain a thirty (30) foot wide vegetated buffer between all impervious areas and surface waters

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

(i) This project proposes a curb outlet system. Each designated curb outlet swale or 100 foot vegetated area shown on the approved plan must be maintained at a minimum of 100 feet long, maintain 5:1 (H:V) side slopes or flatter (swales only), have a longitudinal slope no steeper than five percent (5%), carry the flow from a ten (10) year storm in a non-erosive manner, and maintain a dense vegetated cover

(j) DECLARANT hereby reserves the right to impose additional restrictions upon the Properties as and to the extent required by the terms of the Permit. Such additional restrictions may be imposed by DECLARANT by the recording of a Supplemental Declaration, and no joinder or consent of the Association or any other Owner or Person shall be required on such Supplemental Declaration

ARTICLE 12 EASEMENTS

12.1 Easements for Utilities There are hereby reserved unto DECLARANT (for the duration of the Class "B" Control Period) and for the Association, and for the designees of each, access and maintenance easements upon, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any cable television system, any master television antenna system, irrigation systems, any security and similar systems, roads, walkways, bicycle pathways, recreation pathways, trails, ponds, lakes, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, garbage pickup, and electricity, irrigation and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes in these Protective Covenants or on recorded plats of the Properties. Any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement rights. Utilities may not be installed or relocated on the Properties, except as approved by the Board or DECLARANT

12.2 Easement for Utility Installation

(a) All of the Property, including Units and Common Area, shall be subject to a perpetual non-exclusive easement for water lines, sanitary sewers, storm drainage facilities, telephone and electric power lines, television antenna lines, and other public utilities as shall be established by the DECLARANT as may hereinafter be designated on any plat or replat of parcels within the Residential Community whether the same be within the boundaries of any Unit(s)

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

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

(d) The Association hereinafter may grant easements for utility purposes for the benefit of the Properties and the Units now or hereafter located thereon, over, under, along and through the Common Areas Provided, however that no such grant of easement shall have a material adverse effect on the use, enjoyment or value of any Unit

12.3 Easements to Serve Additional Property The DECLARANT hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of any Future Development Property, whether or not such property is made subject to these Protective Covenants. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property

12.4 Easements for Cross-Drainage

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

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

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

12.6 Easement for Entry The Association have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to ARTICLE 5 hereof, and to inspect for the purpose of ensuring compliance with these Protective Covenants, any Supplemental Declaration, the Articles, By-Laws, and the Rules and Regulations, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities

12.7 Easement for Maintenance Except as provided in ARTICLE 5 herein, maintenance of any water, sewer or drainage easement shall be the responsibility of the Owner of the Unit on which said easement is located. No structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, sewer or drainage facilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each Unit and all improvements in it shall be maintained continuously by the owner of the Unit, except for those improvements for which a public authority or utility company is responsible

12.8 Easement for Irrigation

(a) There is hereby reserved for the benefit of the DECLARANT, the Association, and their successors and assigns, a permanent exclusive easement and right (1) to pump water from any ponds, waterways, basins, water table, wells, water dependant

structures and other bodies of water located in, on or under the Properties for the purpose of irrigating any portion of the Properties, and (2) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Areas and/or lands within the Properties owned by the DECLARANT. The pumping or other removal of any water from any pond or body of water wholly or partly within the Properties, for any purpose other than fire fighting and as provided herein is prohibited without express written permission of the DECLARANT and/or the Association.

(b) The Property is hereby burdened with a permanent, exclusive easement in favor of the DECLARANT and its successors and assigns, for overspray and/or surface or sub-surface flow of water from any irrigation system serving the Properties. Under no circumstances shall the DECLARANT or the Association be held liable for any damage or injury resulting from said water, or the exercise of this easement.

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

12.10 Easement for Pathways Each Owner, and their authorized guests or invitees, shall have a perpetual, non-exclusive easement for the use and enjoyment of bicycle paths, pedestrian paths, or nature preserve trails, if any, which may be established by the DECLARANT. Notwithstanding the foregoing, DECLARANT shall be entitled to restrict access to the aforementioned improvements and amenities in DECLARANT's discretion. Accordingly, the use of such improvements and amenities shall be subject to applicable Rules and Regulations.

12.11 Common Area Easement

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

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

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

ARTICLE 13 MORTGAGEE PROVISIONS

13.1 Notice to Association Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

13.2 Failure of Mortgagee to Respond Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response within thirty (30) days of the mailing of such

request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested

ARTICLE 14
DECLARANT'S RIGHTS

14 1 Transfer of DECLARANT'S Rights Any or all of the special rights and obligations of the DECLARANT set forth in these Protective Covenants or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in these Protective Covenants or the By-Laws No such transfer shall be effective unless it is in a written instrument signed by the DECLARANT and duly recorded in the land records of New Hanover County, North Carolina

14 2 Rights of DECLARANT and Authorized Builders Notwithstanding anything in these Protective Covenants to the contrary, so long as sales of Units by the DECLARANT shall continue, the DECLARANT, and builders authorized by DECLARANT, may maintain and carry on such facilities and activities as, in the sole opinion of the DECLARANT, may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to, the construction and use of sales and business offices, signs and model units, and the use of any Common Areas and any facilities therein The DECLARANT and authorized builders shall have easements for access to and use of such facilities

14 3 Rights to Alter The rights reserved by DECLARANT in these Protective Covenants (including, without limitation, the right to annex property under ARTICLE 8 herein) include the right to change, alter or designate Unit(s), roads, utility and drainage facilities and easements, and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment of the DECLARANT, be necessary or desirable The rights reserved in this Section specifically include the right of DECLARANT to redesignate, change, or alter any platted Unit(s) into road(s)

ARTICLE 15
DURATION, AMENDMENT AND TERMINATION

15 1 Units, Persons and Entities Subject to the Protective Covenants, Duration and Termination All present and future Owners, tenants, and occupants of Units and their guests or invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in these Protective Covenants, and as the Protective Covenants may be amended from time to time The Acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of these Protective Covenants are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Protective Covenants The covenants, conditions, restrictions, and affirmative obligations of these Protective Covenants shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date these Protective Covenants are recorded in the New Hanover County Registry, after which date these Protective Covenants shall be extended for successive periods of forty (40) years, unless these Protective Covenants are terminated as provided in §47F-2-118 of the Planned Community Act (provided that, during the Class "B" Control Period, any termination shall also require the consent of DECLARANT) The covenants, restrictions, conditions and affirmative obligations of these Protective Covenants shall run with and bind the land and shall bind any person having at any time any interest or estate in any of the Properties as though such provision were made a part of each and every deed of conveyance or lease

15 2 Amendment During the Class "B" Control Period, these Protective Covenants may be amended by DECLARANT in its discretion Retention of this right by the DECLARANT is not intended to affect the general or common scheme of development for the property herein described but to correct and/or modify situations or circumstances which may arise during the course of development Thereafter, these Protective Covenants may be amended by vote of not less than sixty-seven percent (67%) of the Class "A" Members, and an instrument must be recorded at the New Hanover County Registry for such an amendment to be effective In addition, the DECLARANT may amend these Protective Covenants to annex additional property and make it subject to the terms, conditions, restrictions, obligations and covenants of these Protective Covenants as provided in ARTICLE 8 herein

No amendments may remove, revoke, or modify any benefit, right or privilege of the DECLARANT hereunder without the written consent of the DECLARANT or the assignee of such right or privilege

15.3 Stormwater Restrictions Notwithstanding the foregoing to the contrary, DECLARANT shall be entitled to unilaterally amend these Protective Covenants as provided in Section 11.6 herein

ARTICLE 16

COMPLIANCE WITH THESE PROTECTIVE COVENANTS, THE ARTICLES THE BYLAWS AND THE RULES AND REGULATIONS OF THE ASSOCIATION

In the case of failure of an Owner to comply with the terms and provisions contained in these Protective Covenants, the Articles, the By-Laws or Rules and Regulations of the Association, the following relief shall be available

16.1 Enforcement. The Association, the DECLARANT and any aggrieved Owner within the Residential Community shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Protective Covenants and the Articles, By-Laws and Rules and Regulations of the Association and any and all laws hereinafter imposed pursuant to the terms of these Protective Covenants. The prevailing party shall be entitled to collect all costs thereof, including reasonable attorney's fees (which shall be determined using reasonable hourly rates)

16.2 Remedies. The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner as an Individual Assessment as provided in ARTICLE 9 herein

16.3 Suspension of Rights. For any violation by an Owner, including, but not limited to, the nonpayment of any general, special or individual assessment, the Association shall have the right to suspend the offending Owner's voting rights and the use by such Owner, his agents, lessees, employees, licensees and invitees of the Common Areas and recreational facilities in the Residential Community for any period during which a violation continues

16.4 Fines. The Association may establish a schedule of fines for the violation of these Protective Covenants, the Articles, By-Laws and Rules and Regulations. If an Owner does not pay the fine within fifteen (15) days the fine shall be an Individual Assessment against the property and may be enforced by the Association in accordance with ARTICLE 9 herein

16.5 Remedies Cumulative. The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law

16.6 Waiver. The failure of the Association or any person or Owner to enforce any restriction contained in these Protective Covenants, the Articles, the By-Laws or the Rules and Regulations shall not be deemed a waiver of the right to do so thereafter

ARTICLE 17

GENERAL PROVISIONS

17.1 Common Area and Amenities. All of the Common Area and any other park, recreation area, recreation facility, dedicated access or other amenity appurtenant to the Properties, whether or not shown and delineated on any recorded plat of the Properties, shall be considered private and for the sole and exclusive use of the Owners of Units within the Properties. Neither DECLARANT'S execution nor the recording of any plat nor any other act of DECLARANT with respect to such area is, or is intended to be, or shall be construed as a dedication to the public of any such areas, facilities, or amenities

17.2 Conflict. In the event of any irreconcilable conflict between these Protective Covenants and the By-Laws or Articles of the Association, the provisions of these Protective Covenants shall control

17.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or any court, agency or legislative order shall in no way affect any other provision, covenants, conditions or restrictions contained in these Protective Covenants

17.4 Captions The captions preceding the various Articles of these Protective Covenants are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Protective Covenants. As used herein, the singular includes the plural and where there is more than one Owner of a Unit, said Owners are jointly and severally liable for the obligations herein imposed. Throughout these Protective Covenants, references to the masculine shall be deemed to include the feminine, the feminine to include the masculine and the neuter to include the masculine and feminine.

17.5 Use of the Words "Kentwood Village" No Person shall use the words "Kentwood Village", any derivative or any other term which DECLARANT may select as the name of the development or any component thereof in any printed or promotional material without the DECLARANT's or the licensee's prior written consent. However, Owners may use the words "Kentwood Village" in printed or promotional matter solely to specify that particular property is located within the Properties and the Association shall be entitled to use the words "Kentwood Village" in its name.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN TESTIMONY WHEREOF, the DECLARANT has caused this instrument to be executed in its corporate name as of the date first above written

STEVENS BUILDING COMPANY

BY [Signature]
President

NORTH CAROLINA
NEW HANOVER COUNTY

I, Sandra S. Haigler, a Notary Public of the State and County aforesaid, certify that Craig Stevens personally came before me this day and acknowledged that he is _____ President of STEVENS BUILDING COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President

WITNESS my hand and official seal this 13 day of February, 2004.

[Signature]
Notary Public

My commission expires

3/10/2008

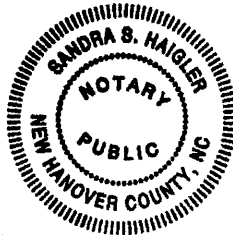


EXHIBIT A

BEING ALL the property described on that plat entitled "Kentwood Village 'Performance Development'/Formerly known as Seaspray Landing Section 3" recorded in Map Cabinet 45, Page 146 of the New Hanover County Registry Reference to said map is hereby made for a more particular description



REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 05/13/2004 04:22:40 PM
Book: RE 4320 Page: 833-840
Document No.: 2004024865
AMD DECL 8 PGS \$32.00

Recorder: MARVIS ANN STORER

State of North Carolina, County of New Hanover

The foregoing certificate of BARBARA M DONALDSON , WENDY M MELVILLE Notaries are certified to be correct. This 13TH of May 2004

REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: *Marvis Ann Storer*
Deputy/Assistant Register of Deeds

YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.

2004024865

2004024865

②
307



FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
2004 MAY 13 04:22:40 PM
BK: 4320 PG: 833-840 FEE: \$32.00

INSTRUMENT # 2004024865

**AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SEASPRAY LANDING
AND AGREEMENT REGARDING USE OF AMENITIES
BY KENTWOOD VILLAGE LOT OWNERS**

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SEASPRAY LANDING AND AGREEMENT REGARDING USE OF AMENITIES BY KENTWOOD VILLAGE LOT OWNERS (this "Amendment") is made this 13th day of May, 2004, by and between SEASPRAY LANDING HOA, INC. (a/k/a SeaSpray Landing Homeowners' Association, Inc.), a North Carolina corporation (the "SeaSpray Association"), and STEVENS BUILDING COMPANY, a North Carolina limited liability company (the "Kentwood Developer"). Kentwood Developer, as the owner of Kentwood Village (as hereinafter defined), joins herein for the purposes of agreeing to the provisions hereof and subjecting Kentwood Village to the lien of certain restrictions as more particularly provided herein.

WITNESSETH:

WHEREAS, Dal-Har Construction, Inc., a North Carolina corporation ("Developer"), as the successor developer to Dallas Harris Land Company, LLC for the residential project in New Hanover County, North Carolina known as SeaSpray Landing ("SeaSpray"), has previously subjected certain property to the lien of that certain Declaration of Covenants, Conditions and Restrictions of Section 1 of SeaSpray Landing dated May 28, 1998, recorded in Book 2373 at Page 447 in the New Hanover County Registry (the "Registry"), as amended by that certain Amendment to Declaration dated June 4, 1998, recorded in Book 2385 at Page 800 in the Registry, that certain Joinder and Consent dated as of August 28, 1998, recorded in Book 2432 at Page 168 in the Registry, that certain Second Amendment to Declaration dated March 24, 1999, recorded in Book 2545 at Page 531 in the Registry, and that certain Amendment to Declaration

37116.7

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

MTSG

dated January 10, 2000, recorded in Book 2692 at Page 225 in the Registry (as amended, the "Prior Declaration");

WHEREAS, in connection with Developer's turnover of control of the Sea Spray development to the SeaSpray Association, the Prior Declaration was amended and restated in its entirety by the SeaSpray Association with that certain "Amendment to Declaration of Covenants, Conditions and Restrictions, SeaSpray Landing" dated November 8, 2003, and recorded on December 2, 2003, in Book 4115, Page 367 of the Registry (the "Declaration");

WHEREAS, the SeaSpray Association has determined that it is in the best interests of SeaSpray to permit owners of lots within that certain tract of land located adjacent to SeaSpray and being more particularly described on Exhibit A attached hereto and incorporated herein by reference (such property being referred to herein as "Kentwood Village") to utilize certain amenities within SeaSpray, given that such additional usage will increase the financial resources available to maintain such amenities;

WHEREAS, the terms and conditions of this Amendment have been approved by both the SeaSpray Association and at least two-thirds (2/3) of the lot owners within SeaSpray and has received all other necessary approvals; and

WHEREAS, the Kentwood Developer, in consideration of the rights and easements provided herein, has agreed to subject Kentwood Village to certain restrictions as more particularly provided herein.

NOW, THEREFORE, the SeaSpray Association, pursuant to Article XI, Section 5 of the Declaration, hereby modify and amend the Declaration, and Kentwood Developer hereby encumbers Kentwood Village with certain restrictions, all as follows:

1. Grant of Right to Use Amenities. Each owner (each, a "Kentwood Village Lot Owner") of any subdivided lot located within or upon Kentwood Village from time to time (each, a "Kentwood Village Lot") shall have a non-exclusive right and easement for the use and enjoyment of the SeaSpray clubhouse, tennis courts, swimming pools and other recreational amenities constituting part of the "Common Area" within SeaSpray (collectively, the "Amenities"), subject to the following terms and conditions:

(a) The non-exclusive easements and rights described in this Paragraph 1 shall extend not only to each Kentwood Village Lot Owner but also to all members of the immediate family, tenants, authorized guests and other authorized occupants and visitors of such Kentwood Village Lot Owner; provided, however, only the then-current occupant of a home on a Kentwood Village Lot (together with such occupant's family, guests and visitors) shall be entitled to active use of such Amenities.

(b) The non-exclusive easements and rights described in this Paragraph 1 shall be appurtenant to and shall pass with the title to every Kentwood Village Lot.

(c) Persons exercising the rights granted under this Paragraph 1 shall be subject to the same rules and regulations regarding the use of the Amenities as are applicable to owners of lots within SeaSpray, provided that all of such rules and regulations are applied in a non-discriminatory manner and do not impose restrictions on Kentwood Village Lot Owners which are harsher or more restrictive than the rules applicable to SeaSpray generally.

(d) Notwithstanding the foregoing to the contrary, the easements provided in this Paragraph 1 shall not be applicable to any Kentwood Village Lot until the first transfer of the fee simple title of such lot to an owner other than Kentwood Developer.

2. Amenity Assessment.

(a) In consideration for the easements granted herein, each Kentwood Village Lot Owner shall pay an annual assessment (the "Amenity Assessment") of Six Hundred and No/100 Dollars (\$600.00) for the use of the Amenities; provided, however, after the first year such Kentwood Village Lot Owner is entitled to use the Amenities, such Amenity Assessment shall be subject to incremental increases in subsequent years to reflect increases in the actual costs of operating the Amenities; provided, however, that in no event shall the percentage of any increase in the Amenity Assessment for Kentwood Village Lot Owners exceed the percentage increase in fees or assessments payable by other Members of the SeaSpray Association for the use of the Amenities.

(b) The Amenity Assessment shall not be payable by the applicable Kentwood Village Lot Owner unless and until such Kentwood Village Lot has the right to use the Amenities pursuant to Paragraph 1(d) above.

(c) The Amenity Assessment shall be collected directly from the Kentwood Village Lot Owners by the Kentwood Village homeowners' association either in equal monthly installments or on an annual basis.

(d) Notwithstanding anything herein to the contrary, no Kentwood Village Lot which is owned by Kentwood Developer shall be subject to an Amenity Assessment until the first conveyance of such Kentwood Village Lot to a party other than Kentwood Developer.

(e) The SeaSpray Association shall have the right to suspend the right of any Kentwood Village Lot Owner to use the Amenities (i) for any period during which the Amenity Assessment for such Kentwood Village Lot remains unpaid, and (ii) for a period not to exceed sixty (60) days for a single violation of any rules and regulations applicable to the Amenities, provided such Kentwood Village Lot Owner has received notice and an opportunity to be heard on such alleged violation.

(f) Subject to the conditions of this Paragraph 2(f), the Kentwood Village Lot Owners shall also be subject to Special Assessments for Capital Improvements to the Amenities as provided in Section 4 of Article V of the Declaration; provided, however, Kentwood Village Lot Owners shall only be subject to such assessments to the extent they relate solely and directly to the repair, replacement or improvement of Amenities which are both (i) in need of repair due

to a casualty or catastrophic event and (ii) Amenities to which Kentwood Village Lot Owners have access under this Amendment. Additionally, in no event shall Kentwood Village Lot Owners pay a greater proportional share of the costs of such repairs, replacements or improvements than is required of other SeaSpray Association members.

(g) Except as otherwise provided herein, the terms, conditions, duties and rights applicable to the "Annual Assessments" provided in Section 3, Article V of the Declaration shall be applicable to the Amenity Assessment levied against the Kentwood Village Lot Owners.

3. Class B Membership Status. Each Kentwood Village Lot Owner shall be deemed to be a "Member" of the SeaSpray Association, subject to the limitations of this Paragraph 3.

(a) The memberships of the Kentwood Village Lot Owners in the SeaSpray Association shall be "Class B Memberships" as provided herein. Each such Class B Membership shall be appurtenant to and may not be separated from ownership of the corresponding Kentwood Village Lot.

(b) Each Class B Member shall be entitled to one (1) vote for each Kentwood Village Lot owned by such person or entity with respect to matters on which Class B Members are entitled to vote (as provided in Paragraph 3(c) below). When more than one person holds an interest in any Kentwood Village Lot, all such persons shall be Class B Members, provided that the vote for such Kentwood Village Lot shall be exercised as the owners of such Kentwood Village Lot determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Kentwood Village Lot.

(c) Class B Members shall have the right to vote as provided in the Declaration, but only on issues and matters which would modify the manner in which the Amenities are currently being operated by the SeaSpray Association. Such issues would include, without limitation, (i) material increases, decreases or changes in the budget for the operation, improvement, modification, repair or replacement of any Amenities, (ii) changes in fee structure or assessments being levied by the SeaSpray Association in support of the Amenities and (iii) Special Assessments relating to the Amenities as contemplated in Paragraph 2(f) above. With respect to matters relating in any way to the Amenities, Class B Members shall be entitled to the same notices and rights of other Members of SeaSpray Association as provided in the Declaration and the By-laws of the SeaSpray Association.

4. Declaration Shall Not Apply to Kentwood Village. Except as expressly provided herein, the Declaration shall not have any application to Kentwood Village or the Kentwood Village Lot Owners. Without limiting the generality of the foregoing, in no event shall the Class B Members or any of Kentwood Village be subject to (i) any liens or assessments of the SeaSpray Association, (ii) any easements, architectural review requirements, building restrictions, use restrictions or rights of institutional lenders included in the Declaration or (iii) any rights of the SeaSpray Association relative to its Members which are not expressly made applicable to the Class B Members in this Amendment. Notwithstanding anything in the Declaration to the contrary, no party shall have the right to annex Kentwood Village (or any portion thereof) into SeaSpray or subject the Kentwood Village to the lien of the Declaration

unless the fee simple owners of Kentwood Village (including, without limitation, Kentwood Developer) consent to and join in such annexation.

5. Conflict. In the event of any irreconcilable conflict between this Amendment and the Declaration, the provisions of this Amendment shall control.

IN WITNESS WHEREOF, the SeaSpray Association and the Kentwood Developer have each executed this Amendment as of the date and year first written above.

SEASPRAY ASSOCIATION:

SEASPRAY LANDING HOA, INC. a North Carolina corporation

ATTEST:

~~_____
Secretary~~

By: Peter J. Mudar
Name: Peter J. Mudar
Title: President President

STATE OF NC

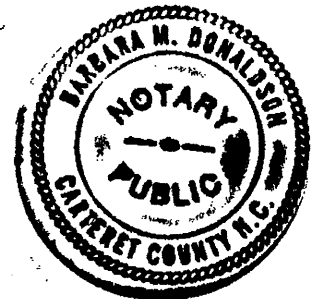
COUNTY OF New Hanover

I, Barbara M. Donaldson Notary Public of the State and County aforesaid, certify that Peter J. Mudar personally came before me this day and acknowledged that he/she is _____ President of SEASPRAY LANDING HOA, INC., a North Carolina corporation, and that he/she, as _____ President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 13th day of May, 2004.

Barbara M. Donaldson
Notary Public

My Commission Expires:
8-24-05



[SIGNATURES CONTINUE ON FOLLOWING PAGE]

KENTWOOD DEVELOPER:

STEVENS BUILDING COMPANY, a North Carolina corporation

By: [Signature]
Name: Michael Craig Stevens
Title: President ~~President~~

STATE OF North Carolina
COUNTY OF New Hanover

I, Wendy M. Melville, a Notary Public of the State and County aforesaid, certify that Michael Craig Stevens personally came before me this day and acknowledged that ~~he~~/she is _____ President of Stevens Building Company, a North Carolina corporation, and that ~~he~~/she, as _____ President, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 11th day of May, 2004.

[Signature]
Notary Public

My Commission Expires:
2/28/06

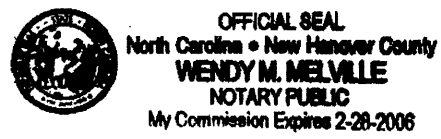


EXHIBIT A

Kentwood Village

BEING ALL the property described on that plat entitled "Kentwood Village 'Performance Development'/Formerly known as Seaspray Landing Section 3" recorded in Map Cabinet 45, Page 146 of the New Hanover County Registry. Reference to said map is hereby made for a more particular description.

378



FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
2004 SEP 15 04:06:14 PM
BK:4492 PG:836-844 FEE:\$35.00

INSTRUMENT # 2004049795

**SUPPLEMENTAL DECLARATION AND AMENDMENT OF
MASTER DECLARATION OF PROTECTIVE COVENANTS
FOR KENTWOOD VILLAGE**

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

THIS SUPPLEMENTAL DECLARATION AND AMENDMENT OF MASTER DECLARATION OF PROTECTIVE COVENANTS FOR KENTWOOD VILLAGE (this "Supplemental Declaration") is made this 15th day of September, 2004, by STEVENS BUILDING COMPANY, a North Carolina corporation ("Declarant"). KENTWOOD VILLAGE HOMEOWNER'S ASSOCIATION, INC., a North Carolina nonprofit corporation, also joins herein for the purpose of evidencing its consent to the amendments provided herein.

WITNESSETH:

WHEREAS, Declarant subjected certain property to the lien of that certain Master Declaration of Protective Covenants for Kentwood Village dated February 13, 2004, recorded in Book 4195 at Page 148 in the New Hanover County Registry (the "Declaration");

WHEREAS, pursuant to Article 15 of the Declaration, Declarant desires to amend certain provisions relating to the conveyance of Common Area and the use of certain open space within the Common Area for private driveways;

WHEREAS, Members holding in excess of eighty percent (80%) of the votes of the Association have consented and agreed to the amendments provided herein; and

WHEREAS, defined terms used in this Supplemental Declaration shall have the meanings provided in the Declaration unless otherwise defined herein.

52940.2

RETURN TO

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

NOW, THEREFORE, pursuant to Section 15.2 of the Declaration, Declarant and the Association do hereby agree to amend the Declaration as follows:

1. Provisions Regarding Driveways Within Open Space. Section 4.11 of the Declaration is hereby deleted in its entirety and restated as follows:

"4.11 Common Area. Portions of the Common Area owned in fee by the Association may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to such action (it being agreed that, during the Class "B" Control Period, any such transaction shall also require the consent of DECLARANT). Notwithstanding the foregoing, the Owner of Lot 15, Section 3, Kentwood Village, as the same is shown on the plat recorded in Map Book 45, Page 146 of the New Hanover County Public Registry, shall have and is hereby granted an easement upon, over and across the portion of the Common Area shown as "Open Space" to the west of said Lot 15 (as shown on the aforementioned plat) for the installation, use, maintenance, repair and replacement of a residential driveway appurtenant to said Lot 15 (it being agreed that such easement shall be limited to the location on which DECLARANT initially builds the driveway serving said Lot 15)."

2. Ratification. Subject to the modifications provided herein, the Declaration is hereby ratified and confirmed and shall continue in full force and effect.

[NEXT PAGE IS SIGNATURE PAGE]

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

STEVENS BUILDING COMPANY

BY:

[Signature]
President

NORTH CAROLINA
NEW HANOVER COUNTY

I, Wendy M. Melville, a Notary Public of the State and County aforesaid, certify that Michael Stevens personally came before me this day and acknowledged that he is _____ President of STEVENS BUILDING COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President.

WITNESS my hand and official seal this 14th day of September, 2004.

[Signature]
Notary Public

My commission expires:

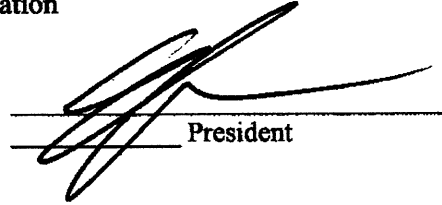
2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

KENTWOOD VILLAGE HOMEOWNER'S
ASSOCIATION, INC., a North Carolina nonprofit
corporation

BY:



President

ATTEST:



Secretary

NORTH CAROLINA

NEW HANOVER COUNTY

I, Wendy M. Melville, a Notary Public of the State and County
aforesaid, certify that M. Craig Stevens personally came before me this
day and acknowledged that ~~he~~ she is the President of KENTWOOD VILLAGE HOMEOWNER'S
ASSOCIATION, INC., a North Carolina non-profit corporation, and that by authority duly given and
as the act of the corporation, the foregoing instrument was signed in its name by its President.

WITNESS my hand and official seal this 14th day of September, 2004.



Notary Public

My commission expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

CONSENT AND SUBORDINATION OF LENDER

CENTRAL CAROLINA BANK, a North Carolina banking association ("Lender"), owner and holder of notes secured by those certain Deeds of Trust (collectively the "Deeds of Trust") recorded in Book 3469, at Page 72; Book 3891, at Page 250; Book 4213, at Page 424; and Book 4358, at Page 117; all of the New Hanover County Public Registry, and SOUTHLAND ASSOCIATES, INC., Trustee under said Deeds of Trust, hereby agree that they have consented to the terms and provisions of the attached Supplemental Declaration and Amendment of Master Declaration of Protective Covenants for Kentwood Village (the "Supplemental Declaration") and that the lien of the Deed of Trust is hereby subordinated to the lien of the Supplemental Declaration.

IN WITNESS WHEREOF, the undersigned have duly executed these presents as of the 14th day of September, 2004.

CENTRAL CAROLINA BANK

By: 

Name: _____

Its: _____ President

SOUTHLAND ASSOCIATES, INC.

By: 

Name: _____

Its: _____ President

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Wendy M. Melville, a Notary Public of the State and County aforesaid, certify that Charles Davis personally came before me this day and acknowledged that he is PRES of CENTRAL CAROLINA BANK, a North Carolina banking association, and that he, as PRES, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 14th day of September, 2004.

Wendy M. Melville
Notary Public

My Commission Expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Wendy M. Melville, Notary Public of the State and County aforesaid, certify that Charles Davis personally came before me this day and acknowledged that he is PRES of SOUTHLAND ASSOCIATES, INC., a North Carolina corporation, Trustee, and that he, as PRES, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 14th day of September, 2004.

Wendy M. Melville
Notary Public

My Commission Expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

CONSENT AND SUBORDINATION OF LENDER

SEA SPRAY ASSOCIATES, INC. ("Lender"), owner and holder of a \$2,240,000 note secured by that certain Purchase Money Deed of Trust dated January 28, 2004, and recorded on February 13, 2004, in Book 4195 at Page 189 in the New Hanover County Public Registry (the "Deed of Trust"), and Peter A. Bynum, Trustee under said Deed of Trust, hereby agree that they have consented to the terms and provisions of the attached Supplemental Declaration and Amendment of Master Declaration of Protective Covenants for Kentwood Village (the "Supplemental Declaration") and that the lien of the Deed of Trust is hereby subordinated to the lien of the Supplemental Declaration.

IN WITNESS WHEREOF, the undersigned have duly executed these presents as of the 15th day of September, 2004.

LENDER:

SEA SPRAY ASSOCIATES, INC

By:

Name:

Its:

[Signature]
President

TRUSTEE:

[Signature]
Peter A. Bynum

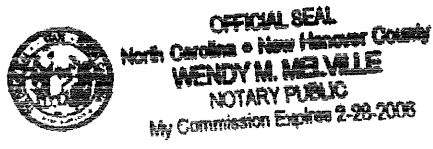
STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Wendy M Melville, a Notary Public of the State and County aforesaid, certify that John Baker personally came before me this day and acknowledged that she is John Baker President of SEA SPRAY ASSOCIATES, INC., a North Carolina corporation, and that she, as John Baker President, being authorized to do so, executed the foregoing instrument on behalf of said corporation.

WITNESS my hand and official seal this 14th day of September, 2004.

[Signature]
Notary Public

My Commission Expires:
2/28/06



STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

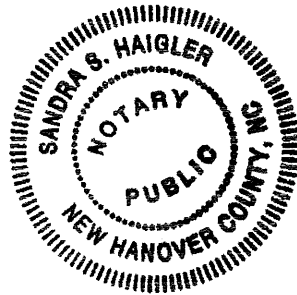
I, Sandra S. Haigler, a Notary Public of the State and County aforesaid, certify that Peter A. Bynum personally came before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 15th day of September, 2004.


Notary Public

My Commission Expires:

3/10/2008





REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 09/15/2004 04:06:14 PM
Book: RE 4492 Page: 836-844
Document No.: 2004049795
DECL 9 PGS \$35.00

Recorder: MARVIS ANN STORER

State of North Carolina, County of New Hanover

The foregoing certificate of WENDY M MELVILLE , SANDRA S HAIGLER Notaries are certified to be correct.
This 15TH of September 2004

REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: Marvis Ann Storer
Deputy/Assistant Register of Deeds

YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.

2004049795

2004049795

7



FOR REGISTRATION REGISTER OF DEEDS
REBECCA T. CHRISTIAN
NEW HANOVER COUNTY, NC
2004 DEC 02 12:08:13 PM
BK: 4589 PG: 595-602 FEE: \$32.00

INSTRUMENT # 2004063639

**SECOND SUPPLEMENTAL DECLARATION AND AMENDMENT OF
MASTER DECLARATION OF PROTECTIVE COVENANTS
FOR KENTWOOD VILLAGE**

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

THIS SECOND SUPPLEMENTAL DECLARATION AND AMENDMENT OF MASTER DECLARATION OF PROTECTIVE COVENANTS FOR KENTWOOD VILLAGE (this "Supplemental Declaration") is made this 11 day of ~~October~~ ^{November}, 2004, by STEVENS BUILDING COMPANY, a North Carolina corporation ("Declarant"). KENTWOOD VILLAGE HOMEOWNER'S ASSOCIATION, INC., a North Carolina nonprofit corporation, also joins herein for the purpose of evidencing its consent to the amendments provided herein.

WITNESSETH:

WHEREAS, Declarant subjected certain property to the lien of that certain Master Declaration of Protective Covenants for Kentwood Village dated February 13, 2004, recorded in Book 4195 at Page 148 in the New Hanover County Registry (as previously supplemented and amended, the "Declaration");

WHEREAS, pursuant to Article 15 of the Declaration, Declarant desires to amend certain provisions relating to the conduct of a business or trade in a Unit;

WHEREAS, at least sixty-seven percent (67%) of the Class "A" votes of the Association have consented and agreed to the amendments provided herein; and

WHEREAS, defined terms used in this Supplemental Declaration shall have the meanings provided in the Declaration unless otherwise defined herein.

54026.1

RETURN TO

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

NOW, THEREFORE, pursuant to Section 15.2 of the Declaration, Declarant and the Association do hereby agree to amend the Declaration as follows:

1. Provisions Regarding Business or Trade in a Unit. Section 11.5(m)(ii) of the Declaration is hereby deleted in its entirety and restated as follows:

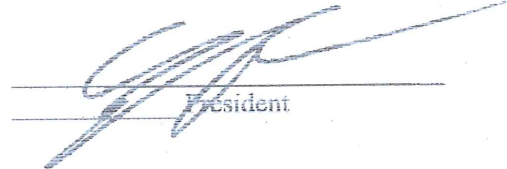
"(ii) Any Business or Trade, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the activity does not involve regular visitation of the Unit by employees, agents, suppliers, delivery services, or door-to-door solicitation of residents of the Properties; and (c) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board."

2. Ratification. Subject to the modifications provided herein, the Declaration is hereby ratified and confirmed and shall continue in full force and effect.

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

STEVENS BUILDING COMPANY

BY:

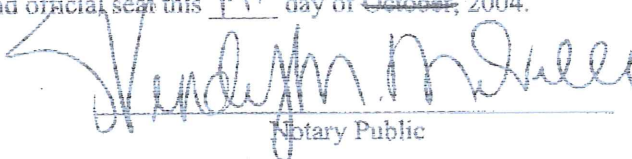


President

NORTH CAROLINA
NEW HANOVER COUNTY

I, Wendym McIlvile, a Notary Public of the State and County aforesaid, certify that M. Craig Stevens personally came before me this day and acknowledged that he is President of STEVENS BUILDING COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

WITNESS my hand and official seal this 11th day of November, 2004.



Notary Public

My commission expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDYM McILVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

KENTWOOD VILLAGE HOMEOWNER'S
ASSOCIATION, INC., a North Carolina nonprofit
corporation

BY:

[Signature]
President

ATTEST:

[Signature]
Secretary

NORTH CAROLINA

NEW HANOVER COUNTY

I, Wendy M. Melville, a Notary Public of the State and County
aforesaid, certify that M. Craig Stevers personally came before me this
day and acknowledged that he/she is President of KENTWOOD VILLAGE HOMEOWNER'S
ASSOCIATION, INC., a North Carolina non-profit corporation, and that by authority duly given and
as the act of the corporation, the foregoing instrument was signed in its name by its President.

WITNESS my hand and official seal this 17th day of November, 2004

[Signature]
Notary Public

My commission expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

CONSENT AND SUBORDINATION OF LENDER

CENTRAL CAROLINA BANK, a North Carolina banking association ("Lender"), owner and holder of notes secured by those certain Deeds of Trust (collectively the "Deeds of Trust") recorded in **Book 3469, at Page 72; Book 3891, at Page 250; Book 4213, at Page 424; and Book 4358, at Page 117;** all of the New Hanover County Public Registry, and SOUTHLAND ASSOCIATES, INC., Trustee under said Deeds of Trust, hereby agree that they have consented to the terms and provisions of the attached Supplemental Declaration and Amendment of Master Declaration of Protective Covenants for Kentwood Village (the "Supplemental Declaration") and that the lien of the Deed of Trust is hereby subordinated to the lien of the Supplemental Declaration.

17 th IN WITNESS WHEREOF, the undersigned have duly executed these presents as of the day of November, 2004.

CENTRAL CAROLINA BANK

By: 

Name: Charles Davis

Its: 1st Vice President

SOUTHLAND ASSOCIATES, INC.

By: 

Name: Charles Davis

Its: 1st Vice President

STATE OF NORTH CAROLINA

COUNTY OF New Hanover

I, Wendy Melville, a Notary Public of the State and County aforesaid, certify that Charles Davis personally came before me this day and acknowledged that he is 1st VP of CENTRAL CAROLINA BANK, a North Carolina banking association, and that he, as 1st VP, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 17th day of November, 2004.

Wendy M. Melville
Notary Public

My Commission Expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006

STATE OF NORTH CAROLINA

COUNTY OF New Hanover

I, Wendy Melville, a Notary Public of the State and County aforesaid, certify that Charles Davis personally came before me this day and acknowledged that he is VP of SOUTHLAND ASSOCIATES, INC., a North Carolina corporation, Trustee, and that he, as VP, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal this 17th day of November, 2004.

Wendy M. Melville
Notary Public

My Commission Expires:

2/28/06



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2006


CONSENT AND SUBORDINATION OF LENDER

SEA SPRAY ASSOCIATES, INC. ("Lender"), owner and holder of a \$2,240,000 note secured by that certain Purchase Money Deed of Trust dated January 28, 2004, and recorded on February 13, 2004, in Book 4195 at Page 189 in the New Hanover County Public Registry (the "Deed of Trust"), and Peter A. Bynum, Trustee under said Deed of Trust, hereby agree that they have consented to the terms and provisions of the attached Supplemental Declaration and Amendment of Master Declaration of Protective Covenants for Kentwood Village (the "Supplemental Declaration") and that the lien of the Deed of Trust is hereby subordinated to the lien of the Supplemental Declaration.

mm IN WITNESS WHEREOF, the undersigned have duly executed these presents as of the day of ~~October~~, 2004.
November

LENDER:

SEA SPRAY ASSOCIATES, INC

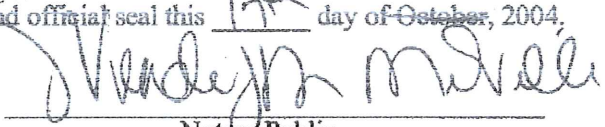
By: 
Name: _____
Its: _____ President

TRUSTEE:


Peter A. Bynum

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Wendy M. Melville, a Notary Public of the State and County aforesaid, certify that John Baker personally came before me this day and acknowledged that he/she is _____ President of SEA SPRAY ASSOCIATES, INC., a North Carolina corporation, and that he/she, as _____ President, being authorized to do so, executed the foregoing instrument on behalf of said corporation.

WITNESS my hand and official seal this 1st day of ~~October~~, 2004, *November*

Notary Public

My Commission Expires:
2/28/04



OFFICIAL SEAL
North Carolina - New Hanover County
WENDY M. MELVILLE
NOTARY PUBLIC
My Commission Expires 2-28-2008

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

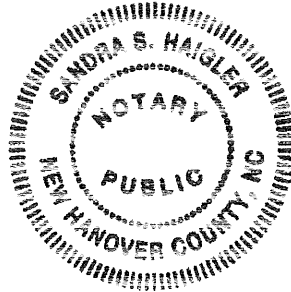
I, Sandra S. Haigler a Notary Public of the State and County aforesaid, certify that Peter A. Bynum personally came before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 24 ^{November} day of ~~October~~, 2004.

Sandra S. Haigler
Notary Public

My Commission Expires:

3/10/2008





REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 12/02/2004 12:08:13 PM
Book: RE 4589 Page: 595-602
Document No.: 2004063639
DECL 8 PGS \$32.00
Recorder: JACQUELINE NELSON

State of North Carolina, County of New Hanover

The foregoing certificate of WENDY M MELVILLE , SANDRA S HAIGLER Notaries are certified to be correct.
This 2 ND of December 2004

REBECCA T. CHRISTIAN, REGISTER OF DEEDS

By:

Deputy/Assistant Register of Deeds

YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.

2004063639

2004063639