



PAT McCrory
Governor

NICHOLAS J. TENNYSON
Secretary

September 21, 2016

Mr. Glenn Lamb
C&L Concrete Works
210 East Highway 158
Camden, NC 27921

Subject: Partial Pavement Certification – Lake View Subdivision
Currituck County

Dear Mr. Lamb,

We have received the attached test reports from GET Solutions for the construction of Lake View Subdivision in Currituck County. Based upon previous correspondence, the Department has approved the proposed pavement section design. The pavement design consisted of 6 inches of ABC overlain with 2 inches of intermediate mix asphalt (I-19.0B). Prior to petitioning for acceptance onto the State System of Maintenance you have agreed to pave an additional layer of surface course asphalt. Based upon our review, the asphalt intermediate course and base course is in general conformance with the Minimum Design and Construction Criteria for Subdivision Roads.

This road will be eligible for petitioning the addition to the State System of Maintained Roads upon satisfying all other applicable minimum NCDOT criteria, including the placement of the final lift of surface course.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy W. Midgett".

Randy W. Midgett, PE
District Field Engineer

Attachments

Cc: J.D. Jennings, PE
W.G. Cooke
Dan Scanlon





September 2, 2016

TO: **C & L Concrete Works Inc.**
210 East Highway 158
Camden, NC 27921

Attn: Mr. Glenn Lamb

RE: Construction Materials Testing Services
Lakeview Subdivision
Currituck County, North Carolina
GET Solutions Project # EC16-236T

Dear Mr. Lamb:

Pursuant to your request, **GET Solutions, Inc.** has provided field and laboratory testing of the Imported Aggregate Base Course (ABC) and intermediate mix asphalt materials for the above referenced project. The construction at this site included the construction of a new roadway alignment. The project required a pavement section composed of 6 inches of imported ABC materials overlain by 2-inches of imported intermediate mix asphalt materials (Type I-19.0b). Following substantial completion of the residential construction throughout the development, a final wearing surface layer of asphalt materials (SF-9.5A) will be placed and subsequently tested. The project specifications required testing of the ABC and asphalt materials is performed for quality assurance, in accordance with the NCDOT requirements. Accordingly, our scope of services was limited to the evaluation of the ABC and asphalt materials (I-19.0B only) placed prior to our testing events as they relate to thickness, density, aggregate gradation, and/or asphalt content.

SCOPE OF SERVICES

For this project, **GET Solutions, Inc.** has performed the following tasks:

- Performed bulk soil sampling of the previously placed Aggregate Base Course (ABC) materials within the observed roadway alignment. This sample was returned to our Elizabeth City, NC laboratory for natural moisture, full sieve, and Proctor testing in general accordance with NCDOT requirements. These laboratory test results indicated the imported ABC materials were in general accordance with NCDOT requirements and were classified to consist of Grey Crushed GRAVEL (GW-GM). The results of these testing procedures are provided on the "Moisture Density Relationship Proctor Curve" test report sheet attached to this report.

Lakeview Subdivision

Currituck County, North Carolina

GET Solutions Project # EC16-236T

- Performed compaction testing of the ABC materials placed within the observed roadway alignments. The compaction testing procedures indicated the in place ABC materials were compacted to at least 100% of the Standard Proctor (ASTM D 698). Additionally, the roadway alignment was evaluated for thickness at the compaction test locations, which indicated a thickness ranging from 5.75 to 6.25 inches and averaged of 6 inches. The results of these testing procedures and their associated test locations are provided on the “Compaction Test Report” sheets attached to this report.
- Performed coring operations at seven (7) locations with the use of a 6-inch diameter core barrel within the observed roadway alignment. Core locations were established in the field by a **G E T Solutions, Inc.** representative prior to initiating the coring operations.
- Performed laboratory testing procedures at **G E T Solutions, Inc.’s** laboratory located in Elizabeth City, NC. The laboratory testing procedures consisted of average core specimen thickness and bulk specific gravity as well as asphalt content and asphalt aggregate gradation analysis. The laboratory test procedures were executed in general accordance with NCDOT testing procedures. The specific gravity (density) and thickness test results are provided in the following table (Table I – Asphalt Laboratory Test Results). The asphalt content test results are provided in Table II – Asphalt Content Results and the asphalt aggregate gradation analysis test results are provided on the attached “Particle Size Distribution” sheets.

Table I – Asphalt Laboratory Test Results

Sample #	Sample Location ⁽¹⁾	Asphalt Type	Average Sample Thickness (in.)	Specific Gravity	Percent Compaction (Min. 92%) ⁽²⁾
L-1	Lakeview Point Way; From Survey Rd. approx. 50' west & 10' south of EOP	I-19.0B	2.46	2.292	93.4%
L-2	Lakeview Point Way; From Survey Rd. approx. 550' west & 9' north of EOP	I-19.0B	2.39	2.250	91.7%
L-3	Fountain Way; From Lake Point Way approx. 65' north and 10' east of EOP	I-19.0B	2.49	2.258	92.0%
L-4	Sunny Lake Dr; From Lake Point Way approx. 790' west & 10' south of EOP	I-19.0B	1.60	2.248	91.6%
L-5	Sunny Lake Dr; From Lake Point Way approx. 210' west & 7' east of EOP	I-19.0B	2.13	2.200	89.6%
L-6	Green Lake Dr; From Lake Point Way approx. 275' west & 8 north of EOP	I-19.0B	2.57	2.237	91.2%
L-7	Green Lake Dr; From Lake Point Way approx. 600' west & 7 south of EOP	I-19.0B	2.35	2.211	90.1%
Average			2.28	2.242	91.4%

Note (1) = Locations provided in the table above are considered to be approximate.

Note (2) = Percent compaction based on the Rice specific gravity value of 2.454 for Type I-19.0B, furnished by C&L Concrete Works, Inc. (JMF 13-0629-121).

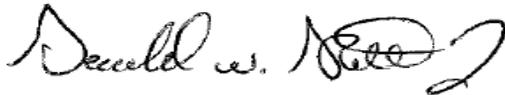
Table II – Asphalt Content Test Results

Sample # and Asphalt Type	Sample Location	Asphalt Content (%) ⁽¹⁾
L-1	Lakeview Point Way; From Survey Rd. approx. 50' west & 10' south of EOP	5.8
L-3	Fountain Way; From Lake Point Way approx. 65' north and 10' east of EOP	5.7
L-5	Sunny Lake Dr; From Lake Point Way approx. 210' west & 7' east of EOP	5.9

Note (1) = Percent asphalt requirement for Type I-19.0B is 5.0% +/- 0.7% per the Job Mix Formula (JMF: 13-0629-121) provided by the contractor and the NCDOT allowable tolerance.

We appreciate the opportunity to be of service to you on this project, and trust you will call this office with any questions that you may have.

Respectfully Submitted,
GET Solutions, Inc.



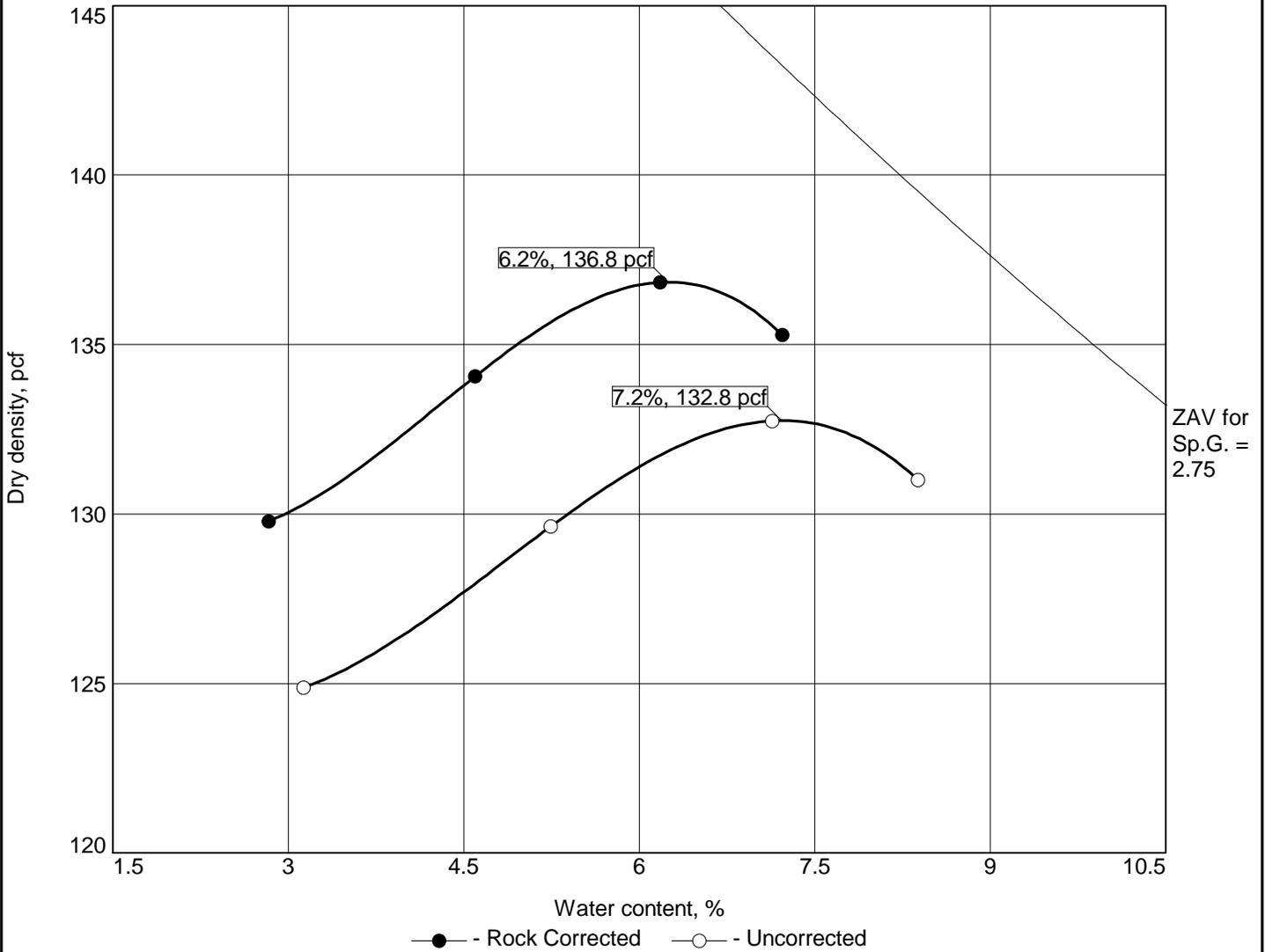
Gerald W. Stalls Jr., P.E.
Senior Project Engineer
NC Lic. #034336



Copies: (1) Client

Attachment: Moisture Density Relationship (Proctor Curve)
Particle Size Distribution Report (ABC Materials)
Compaction Test Report(s)
Particle Size Distribution Report (Asphalt; I19.0b Materials: L-1, L-3, & L-5)

MOISTURE DENSITY RELATIONSHIP (PROCTOR CURVE)



Test specification: ASTM D 698-12 Method C Standard
 ASTM D 4718-87 Oversize Corr. Applied to Each Test Point

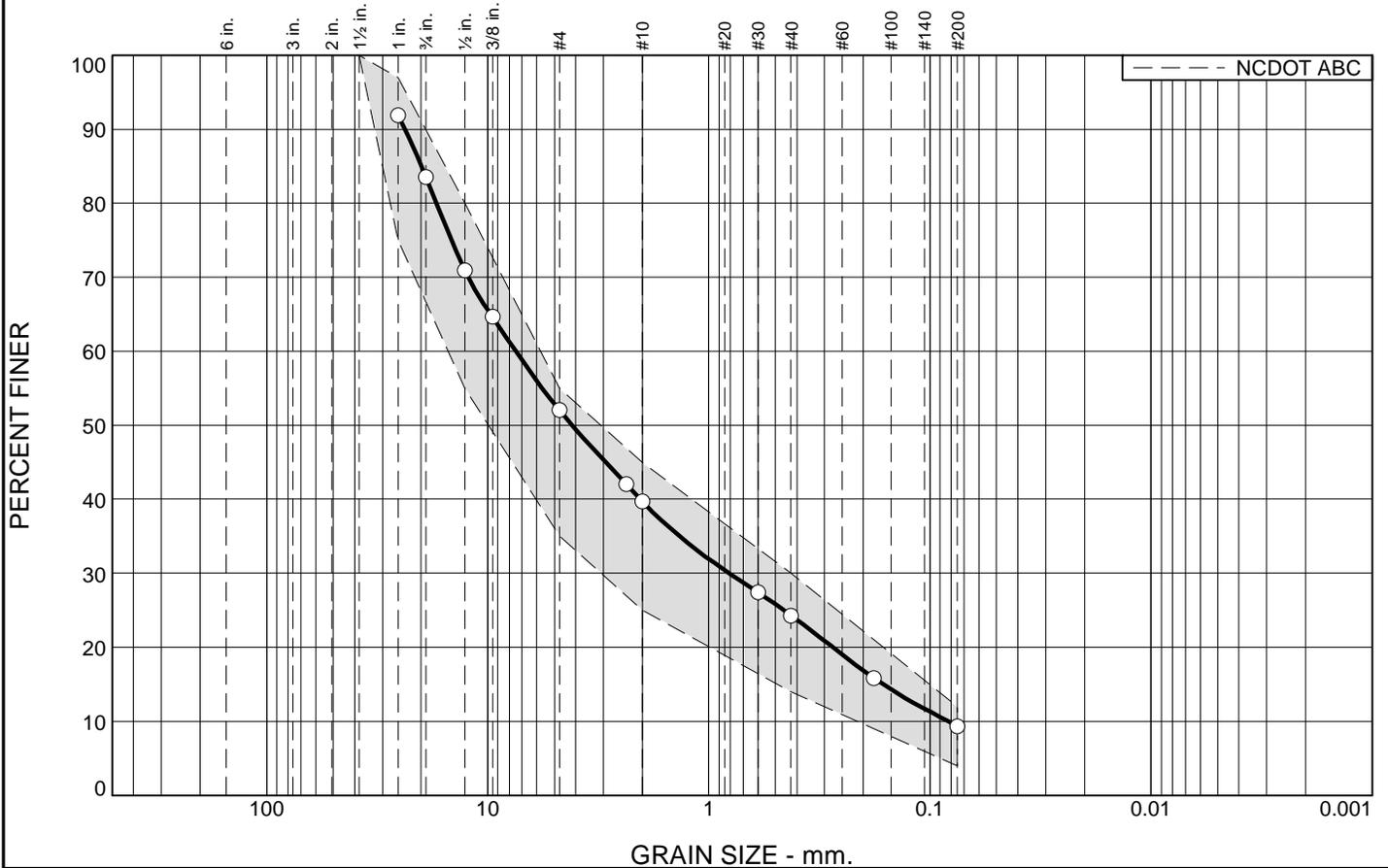
Elev/ Depth	Classification		Nat. Moist.	Sp.G.	LL	PI	% > 3/4 in.	% < No.200
	USCS	AASHTO						
	GW-GM	A-1-a	4.3		NV	NP	16.4	9.3

ROCK CORRECTED TEST RESULTS	UNCORRECTED	MATERIAL DESCRIPTION
Maximum dry density = 136.8 pcf	132.8 pcf	ABC Stone
Optimum moisture = 6.2 %	7.2 %	
Project No. EC16-236T Client: C&L Concrete Project: Lakview Subdivison Location: Shoulder of Main Entrance Sample Number: 1		Remarks: Proctor No.1
GET SOLUTIONS, INC. Elizabeth City, North Carolina		

Figure

Tested By: D. Forehand

Particle Size Distribution Report



% +3"	% Gravel		% Sand			% Fines	
	Coarse	Fine	Coarse	Medium	Fine	Silt	Clay
		31.6	12.3	15.4	15.0		9.3

SIEVE SIZE	PERCENT FINER	SPEC.* PERCENT	PASS? (X=NO)
1"	91.9	75.0 - 97.0	
.75	83.6		
.5	70.9	55.0 - 80.0	
.375	64.6		
#4	52.0	35.0 - 55.0	
#8	42.0		
#10	39.7	25.0 - 45.0	
#30	27.4		
#40	24.3	14.0 - 30.0	
#80	15.9		
#200	9.3	4.0 - 12.0	

Material Description

ABC Stone

Atterberg Limits

PL= NP LL= NV PI= NP

Coefficients

D₉₀= 23.7312 D₈₅= 19.9591 D₆₀= 7.4747
D₅₀= 4.1593 D₃₀= 0.8087 D₁₅= 0.1629
D₁₀= 0.0828 C_u= 90.23 C_c= 1.06

Classification

USCS= GW-GM AASHTO= A-1-a

Remarks

F.M.=4.62

* NCDOT ABC

Location: Shoulder of Main Entrance
Sample Number: 1

Date:

**GET
SOLUTIONS, INC.**
Elizabeth City, North Carolina

Client: C&L Concrete
Project: Lakview Subdivison
Project No: EC16-236T

Figure



GET Solutions, Inc.
 106 Capital Trace; Unit E
 Elizabeth City, North Carolina 27909
 Tel: (252) 335-9765
 Fax: (252) 335-9766

COMPACTION TEST REPORT

Project:	<u>Lakeview Subdivison</u>	Date:	<u>7/18/16</u>
Project Location:	<u>Moyock, NC</u>	Technician:	<u>J. Meads</u>
Client:	<u>C&L Concrete Works Inc.</u>	Job Number:	<u>EC16-236T</u>
General Contractor:	<u>C&L Concrete Works Inc.</u>	Weather:	<u>Clear</u> Temp. (°F) <u>80's</u>
Grading Contractor:	<u>C&L Concrete Works Inc.</u>	General Test Location:	<u>Proposed Roadway</u>

Test Number	Moisture (%)	Dry Density (pcf)	Wet Density (pcf)	Proctor Number	% Proctor		Pass	Fail	Test Elevation*	Test Location (Grid, Coordinates, Roadway Station, etc.)
					Spec	Actual				
1	2.8	137.1	140.9	1	100	100	x		5" BFG	Lake Point Way; From Survey Rd approx. 75'west & 6'north of EOP
2	3.2	137.4	141.8	1	100	100	x		5" BFG	Lake Point Way; From Survey Rd approx. 300'west & 7'south of EOP
3	3.5	136.8	141.6	1	100	100	x		5" BFG	Lake Point Way; From Survey Rd approx. 620'west & 6'north of EOP
4	3.0	137.2	141.3	1	100	100	x		5" BFG	Sunny Lake Dr. From Lake Point Way approx. 115'north & 6' south of EOP
5	3.2	136.8	141.2	1	100	100	x		5" BFG	Sunny Lake Dr. From Lake Point Way approx. 305'west & 7' north of EOP
6	3.4	137.5	142.1	1	100	100	x		5" BFG	Sunny Lake Dr. From Lake Point Way approx. 550'west & 7" south of EOP
7	3.0	137.7	141.8	1	100	100	x		5" BFG	Sunny Lake Dr. From Lake Point Way approx. 820'north & 6' north of EOP
8	3.2	136.9	141.2	1	100	100	x		5" BFG	Green Lake Dr. From Lake Point Way approx. 125'south & 7' east of EOP
9	3.4	137.1	141.7	1	100	100	x		5" BFG	Green Lake Dr. From Lake Point Way approx. 350'west & 6' north of EOP
10	3.1	137.3	141.5	1	100	100	x		5" BFG	Green Lake Dr. From Lake Point Way approx. 605'west & 6' south of EOP

Compaction Equipment Used:	<u>Vibratory Roller</u>	Proctor Number:	<u>1</u>
Field Testing Procedure:	<u>ASTM D 6938</u>	Proctor Type:	<u>ASTM D 693</u>
Field Testing Method:	<u>x Method A</u> Depth: <u>6</u> inches	Material Description:	<u>ABC</u>
	<u>Method B</u> Depth: <u>Backscatter</u>	Max. Dry Density (pcf):	<u>136.8</u>
		Optimum Moisture (%):	<u>6.2</u>

Gauge Standardization Counts:		Gauge Identification:		
Moisture: <u>712</u>	Density: <u>2240</u>	Make: <u>Troxler</u>	Model: <u>3430</u>	Serial #: <u>32487</u>

Test locations and test elevations are approximate and are established in the field by the GET Solutions, Inc. technician.

* Note: BFF = Below Finish Floor, BFG = Below Finish Grade, FG = Finished Grade

Remarks: Stone depth 5.75" to 6.25"



GET Solutions, Inc.
 106 Capital Trace; Unit E
 Elizabeth City, North Carolina 27909
 Tel: (252) 335-9765
 Fax: (252) 335-9766

COMPACTION TEST REPORT

Project: Lakeview Subdivison Date: 7/18/16
 Project Location: Moyock, NC Technician: J. Meads
 Client: C&L Concrete Works Inc. Job Number: EC16-236T
 General Contractor: C&L Concrete Works Inc. Weather: Clear Temp. (°F) 80's
 Grading Contractor: C&L Concrete Works Inc. General Test Location: Proposed Roadway

Test Number	Moisture (%)	Dry Density (pcf)	Wet Density (pcf)	Proctor Number	% Proctor		Pass	Fail	Test Elevation*	Test Location (Grid, Coordinates, Roadway Station, etc.)
					Spec	Actual				
11	3.1	136.9	141.4	1	100	100	x		5" BFG	Green Lake Dr. From Lake Point Way approx. 875'west & 7' north of EOP
12	3.3	138.4	143.0	1	100	100	x		5" BFG	Fountain Way; From Lake Point Way approx. 35'north & 5'east of EOP
13	3.6	138.1	143.1	1	100	100	x		5" BFG	Fountain Way; From Lake Point Way approx. 80'north & 6'west of EOP

Compaction Equipment Used: Vibratory Roller Proctor Number: 1
 Field Testing Procedure: ASTM D 6938 Proctor Type: ASTM D 693
 Field Testing Method: x Method A Depth: 6 inches Material Description: ABC
Method B Depth: Backscatter Max. Dry Density (pcf): 136.8
 Optimum Moisture (%): 6.2

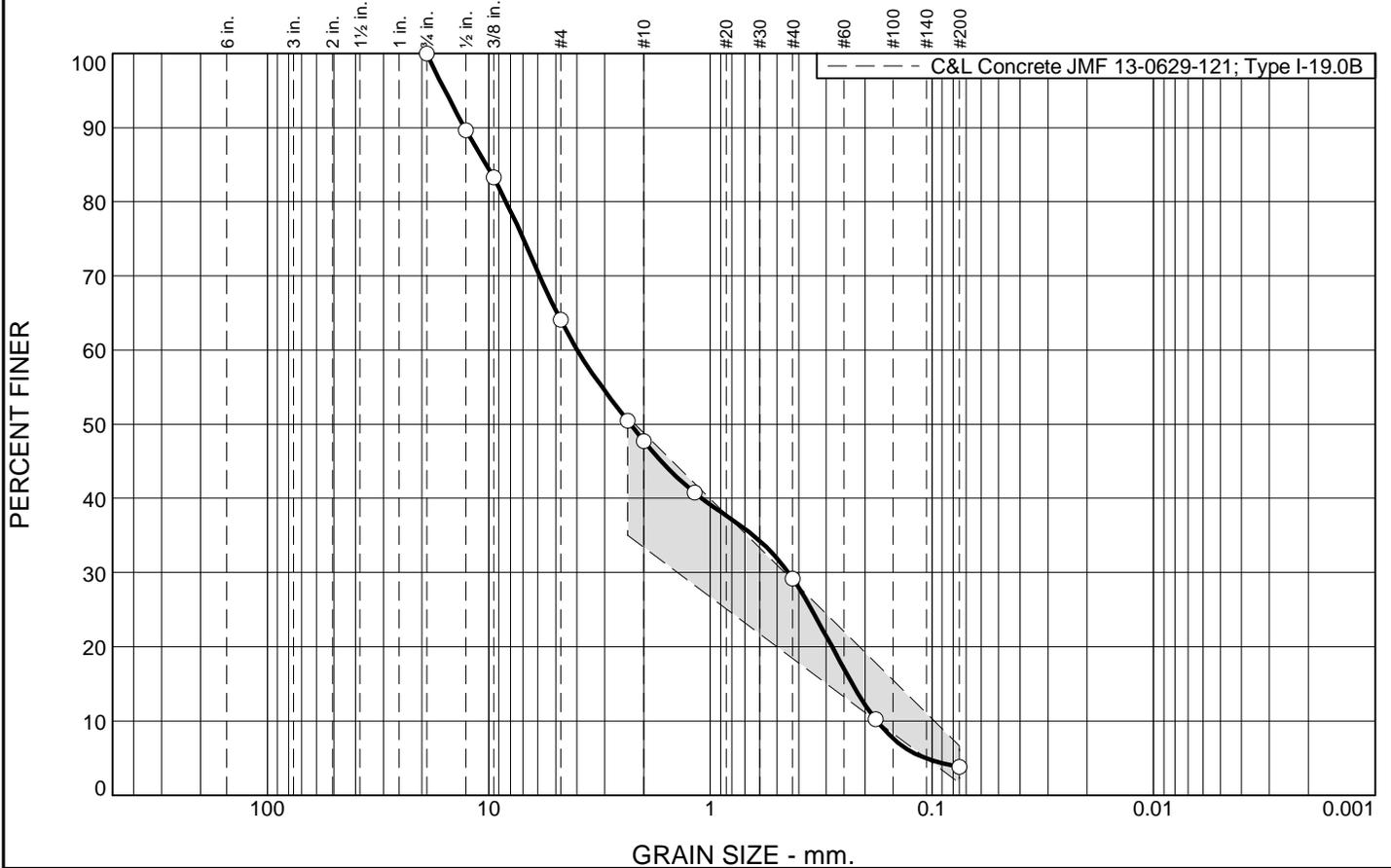
Gauge Standardization Counts:		Gauge Identification:		
Moisture: <u>712</u>	Density: <u>2240</u>	Make: <u>Troxler</u>	Model: <u>3430</u>	Serial #: <u>32487</u>

Test locations and test elevations are approximate and are established in the field by the GET Solutions, Inc. technician.

* Note: BFF = Below Finish Floor, BFG = Below Finish Grade, FG = Finished Grade

Remarks: _____

Particle Size Distribution Report



% +3"	% Gravel		% Sand			% Fines	
	Coarse	Fine	Coarse	Medium	Fine	Silt	Clay
0.0	0.0	35.9	16.4	18.5	25.4	3.8	

SIEVE SIZE	PERCENT FINER	SPEC.* PERCENT	PASS? (X=NO)
3/4"	100.0		
.5"	89.7		
.375"	83.3		
#4	64.1		
#8	50.4	35.0 - 51.0	
#10	47.7		
#16	40.7		
#40	29.2		
#80	10.2		
#200	3.8	1.6 - 6.6	

Material Description

In Place Intermediate Mix Asphalt (I-19.0B)

Atterberg Limits

PL= NP LL= NV PI= NP

Coefficients

D₉₀= 12.8910 D₈₅= 10.2520 D₆₀= 3.9883
D₅₀= 2.2983 D₃₀= 0.4451 D₁₅= 0.2287
D₁₀= 0.1776 C_u= 22.45 C_c= 0.28

Classification

USCS= SP AASHTO= A-1-a

Remarks

Core L-1
Asphalt Content = 5.8%
F.M.=3.98

* C&L Concrete JMF 13-0629-121; Type I-19.0B

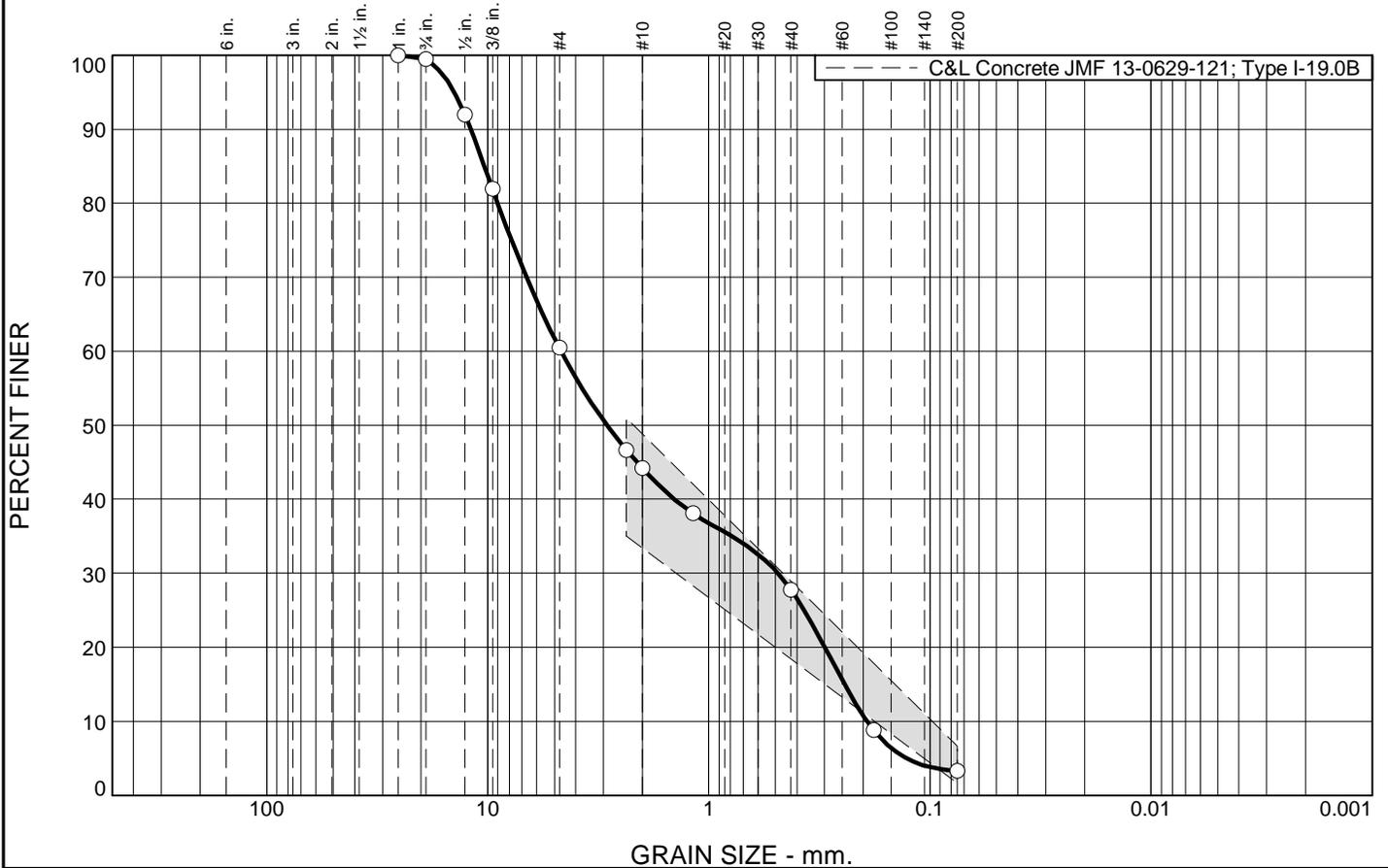
Location: Core L-1

Date:

GET SOLUTIONS, INC. Elizabeth City, North Carolina	Client: C&L Concrete Project: Lakview Subdivison Project No: EC16-236T
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Figure

Particle Size Distribution Report



% +3"	% Gravel		% Sand			% Fines	
	Coarse	Fine	Coarse	Medium	Fine	Silt	Clay
0.0	0.5	39.0	16.3	16.5	24.4	3.3	

SIEVE SIZE	PERCENT FINER	SPEC.* PERCENT	PASS? (X=NO)
1"	100.0		
3/4"	99.5		
.5"	92.0		
.375"	82.0		
#4	60.5	35.0 - 51.0	
#8	46.7		
#10	44.2		
#16	38.1		
#40	27.7		
#80	8.8		
#200	3.3	1.6 - 6.6	

Material Description

In Place Intermediate Mix Asphalt (I-19.0B)

Atterberg Limits

PL= NP LL= NV PI= NP

Coefficients

D₉₀= 11.9187 D₈₅= 10.3491 D₆₀= 4.6638
D₅₀= 2.8897 D₃₀= 0.4875 D₁₅= 0.2432
D₁₀= 0.1923 C_u= 24.26 C_c= 0.27

Classification

USCS= SP AASHTO= A-1-a

Remarks

Core L-3
Asphalt Content = 5.7%
F.M.=4.14

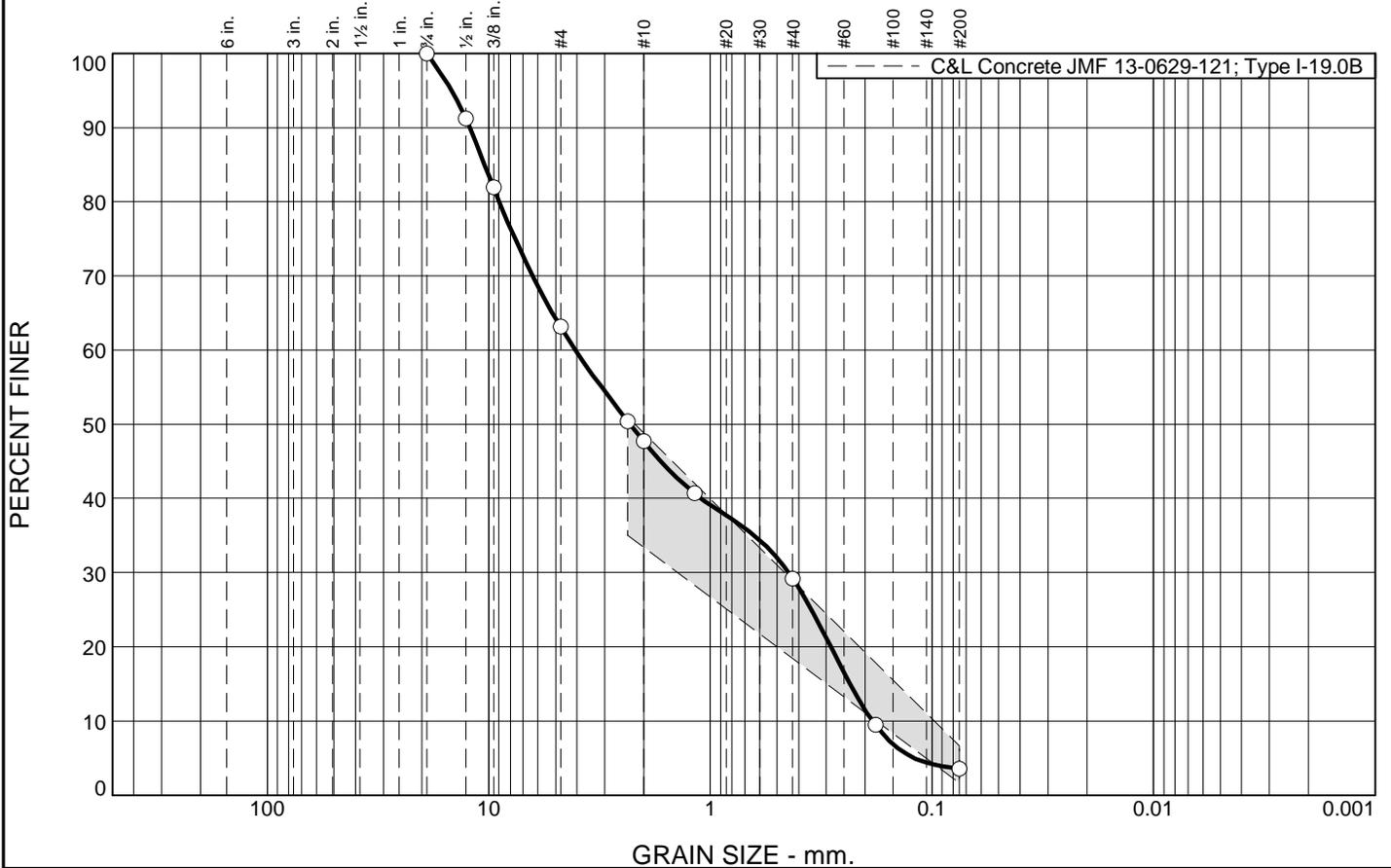
* C&L Concrete JMF 13-0629-121; Type I-19.0B

Location: Core L-3

Date:

GET SOLUTIONS, INC. Elizabeth City, North Carolina	Client: C&L Concrete Project: Lakview Subdivison Project No: EC16-236T
Figure	

Particle Size Distribution Report



% +3"	% Gravel		% Sand			% Fines	
	Coarse	Fine	Coarse	Medium	Fine	Silt	Clay
0.0	0.0	36.8	15.5	18.5	25.7	3.5	

SIEVE SIZE	PERCENT FINER	SPEC.* PERCENT	PASS? (X=NO)
3/4"	100.0		
.5"	91.2		
.375"	81.9		
#4	63.2	35.0 - 51.0	
#8	50.4		
#10	47.7		
#16	40.7		
#40	29.2		
#80	9.5	1.6 - 6.6	
#200	3.5		

Material Description

In Place Intermediate Mix Asphalt (I-19.0B)

Atterberg Limits

PL= NP LL= NV PI= NP

Coefficients

D₉₀= 12.1760 D₈₅= 10.4409 D₆₀= 4.0695
D₅₀= 2.3055 D₃₀= 0.4431 D₁₅= 0.2345
D₁₀= 0.1856 C_u= 21.93 C_c= 0.26

Classification

USCS= SP AASHTO= A-1-a

Remarks

Core L-5
Asphalt Content = 5.9%
F.M.=4.01

* C&L Concrete JMF 13-0629-121; Type I-19.0B

Location: Core L-5

Date:

GET SOLUTIONS, INC. Elizabeth City, North Carolina	Client: C&L Concrete Project: Lakview Subdivison Project No: EC16-236T
Figure	



September 20, 2016

TO: **C & L Concrete Works Inc.**
210 East Highway 158
Camden, NC 27921

Attn: Mr. Glenn Lamb

RE: Construction Materials Testing Services
Lakeview Subdivision
Currituck County, North Carolina
GET Solutions Project # EC16-236T
Report No. 2

Dear Mr. Lamb:

Pursuant to your request, **G E T Solutions, Inc.** has provided field and laboratory testing of the intermediate mix asphalt materials for the above referenced project. The construction at this site included the construction of a new deceleration/turning lane for the entrance into the new subdivision. The project required a pavement section composed of 6 inches of imported ABC materials overlain by 2.5-inches of intermediate mix asphalt materials (Type I-19.0b). Following substantial completion of the residential construction throughout the development, a final wearing surface layer of asphalt materials (SF-9.5A) will be placed and subsequently tested. The project specifications required testing of the ABC and asphalt materials is performed for quality assurance, in accordance with the NCDOT requirements. Accordingly, our scope of services was limited to the evaluation of the ABC and asphalt materials (I-19.0B only) placed prior to our testing event as they relate to thickness, density, aggregate gradation, and/or asphalt content.

SCOPE OF SERVICES

For this project, **G E T Solutions, Inc.** has performed the following tasks:

- Performed coring operations at two (2) locations with the use of a 6-inch diameter core barrel within the observed roadway alignment (deceleration and acceleration lanes). Core locations were established in the field by a **G E T Solutions, Inc.** representative prior to initiating the coring operations.

- Performed compaction and thickness testing of the ABC materials placed within the observed roadway alignment at the location of cores LV-1 and LV-2. These testing procedures were performed through the in place asphalt materials by means of hand auger borings and sand cone density testing. The volume and weight of sand that corresponded to the asphalt volume was considered when calculating the in place unit weight of the ABC materials at each test location. Based on the results of the completed field and laboratory testing procedures, the previously placed ABC materials appeared to have been compacted to at least 100% of the Standard Proctor (ASTM D698). Finally, the in place thickness of the ABC materials observed at the location of cores LV-1 and LV-2 were measured to range from approximately 6.5 to 12 inches. The results of these testing procedures and their associated test locations are provided in Table I below.

Table I – ABC Thickness & Percent Compaction Test Results

Sample #	Sample Location *	ABC Thickness (in)	ABC Percent Compaction (Min. 100%)
LV-1	From Subdivision Entrance approx. 116' north & 8' off of edge of pavement	12"	100%
LV-2	From Subdivision Entrance approx. 100' south & 4' off of edge of pavement	6.5"	100%

- The asphalt core samples were returned to **GET Solutions, Inc.**'s laboratory located in Elizabeth City, NC and subjected to laboratory testing procedures. The laboratory testing procedures consisted of average core specimen thickness and bulk specific gravity as well as asphalt content and asphalt aggregate gradation analysis. The laboratory test procedures were executed in general accordance with NCDOT testing procedures. The specific gravity (density) and thickness test results are provided in the following table (Table II – Asphalt Laboratory Test Results). The asphalt content test results are provided in Table III – Asphalt Content Results and the asphalt aggregate gradation analysis test results are provided on the attached "Particle Size Distribution" sheets.

Table II – Asphalt Laboratory Test Results

Sample #	Sample Location ⁽¹⁾	Asphalt Type	Average Sample Thickness (in.)	Specific Gravity	Percent Compaction (Min. 92%) ⁽²⁾
LV-1	From Subdivision Entrance approx. 116' north & 8' off of edge of pavement	I-19.0B	4.26	2.273	92.6%
LV-2	From Subdivision Entrance approx. 100' south & 4' off of edge of pavement	I-19.0B	6.23	2.259	92.1%
Average			5.25	2.266	92.3%

Note (1) = Locations provided in the table above are considered to be approximate.

Note (2) = Percent compaction based on the Rice specific gravity value of 2.454 for Type I-19.0B, furnished by C&L Concrete Works, Inc. (JMF 13-0629-121).

Table III – Asphalt Content Test Results

Sample # and Asphalt Type	Sample Location	Asphalt Content (%) ⁽¹⁾
LV-1	Lakeview Point Way; From Survey Rd. approx. 50' west & 10' south of EOP	6.0

Note (1) = Percent asphalt requirement for Type I-19.0B is 5.0% +/- 0.7% per the Job Mix Formula (JMF: 13-0629-121) provided by the contractor and the NCDOT allowable tolerance.

We appreciate the opportunity to be of service to you on this project, and trust you will call this office with any questions that you may have.

Respectfully Submitted,
GET Solutions, Inc.

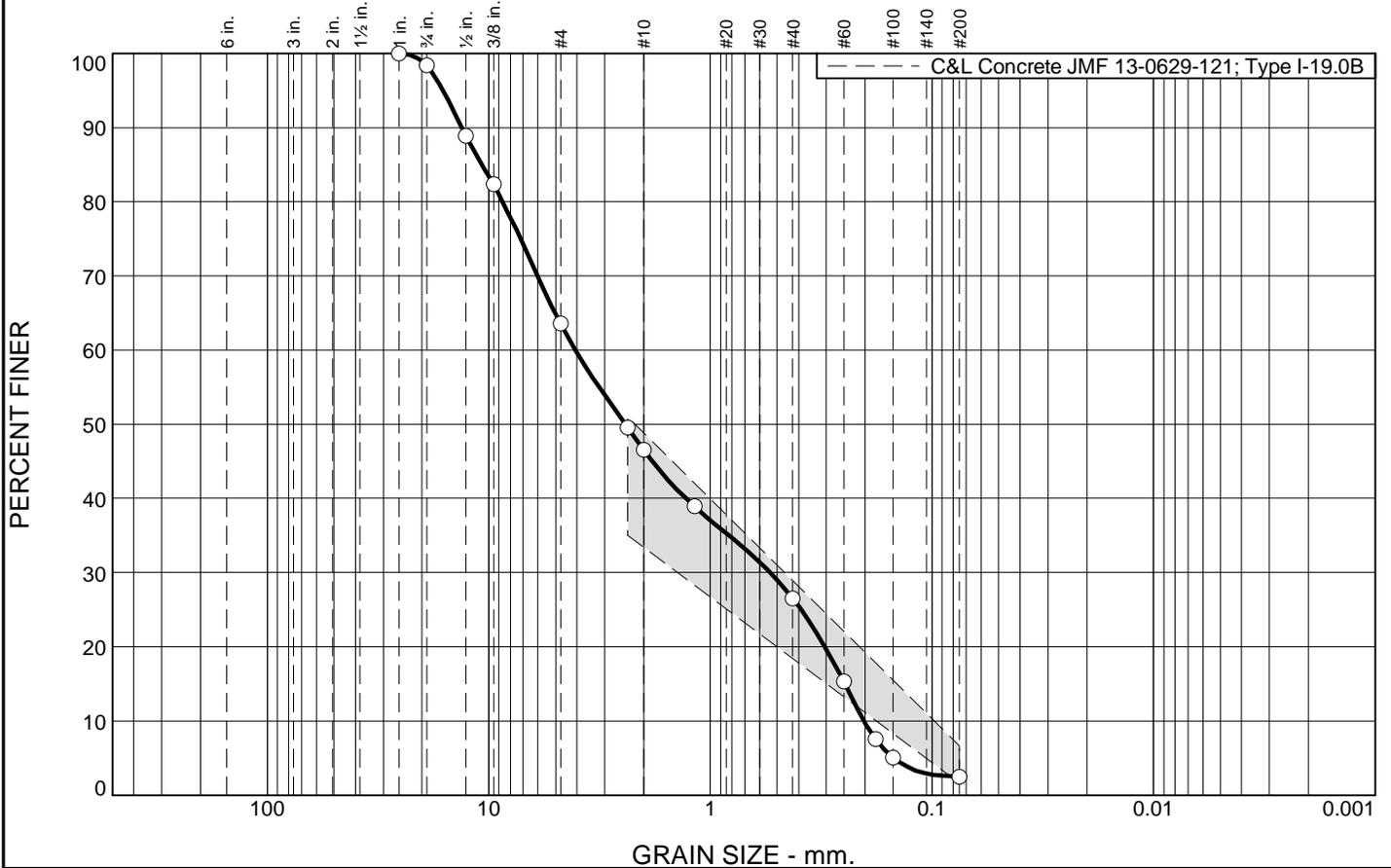
Gerald W. Stalls Jr., P.E.
 Senior Project Engineer
 NC Lic. #034336



Copies: (1) Client

Attachment: Particle Size Distribution Report (Asphalt; I19.0b Materials: LV-1)

Particle Size Distribution Report



% +3"	% Gravel		% Sand			% Fines	
	Coarse	Fine	Coarse	Medium	Fine	Silt	Clay
0.0	1.6	34.8	17.1	20.0	24.0	2.5	

SIEVE SIZE	PERCENT FINER	SPEC.* PERCENT	PASS? (X=NO)
1	100.0		
.75	98.4		
.5	88.9		
.375	82.3		
#4	63.6	35.0 - 51.0	
#8	49.5		
#10	46.5		
#16	38.9		
#40	26.5		
#60	15.3		
#80	7.5		
#100	5.0	1.6 - 6.6	
#200	2.5		

Material Description

From Subdivision Entrance Road approx. 116'n & 8' from EOP

Atterberg Limits

PL= NP LL= NV PI=

Coefficients

D₉₀= 13.2834 D₈₅= 10.7236 D₆₀= 4.0673
 D₅₀= 2.4199 D₃₀= 0.5376 D₁₅= 0.2469
 D₁₀= 0.2024 C_u= 20.09 C_c= 0.35

Classification

USCS= SP AASHTO= A-1-a

Remarks

Asphalt Content = 6.0%
 F.M.=4.11

* C&L Concrete JMF 13-0629-121; Type I-19.0B

Location: Core LV-1

Date: 9-9-16

GET SOLUTIONS, INC. Elizabeth City, North Carolina	Client: C&L Concrete Project: Lakview Subdivison Project No: EC16-236T
Figure	

Lake View Land Development, LLC

September 22, 2016

Mr. Patrick Irwin
Public Utilities Director
Currituck County
444 Maple Road
Maple, NC 27956

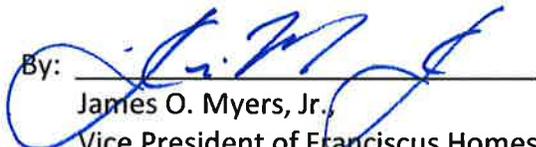
Dear Mr. Irwin:

As you are aware, there is a section of waterline, estimated at 75 feet in length, that veers away from its intended alignment and encroaches into the pavement section at the southern end of Phase 1 on Green Lake Road. This is to confirm that Lake View Land Development, LLC, as developer of the Lake View property, will arrange for the relocation of this section of waterline back to its intended alignment. This relocation will either be completed and certified prior to the Phase 1 plat going to record, or an escrow deposit will be posted in the amount of \$3,000.00 (\$40/ft.) to guarantee the performance of this work.

Sincerely,

LAKE VIEW LAND DEVELOPMENT, LLC

By: _____


James O. Myers, Jr.
Vice President of Franciscus Homes, Inc.
Manager



Subdivider Maintenance Responsibility and Reserve Fund Creation Affidavit

Contact Information

Currituck County
Planning and Community Development
153 Courthouse Road, Suite 110
Currituck, NC 27929

Phone: 252.232.3055
Fax: 252.232.3026

Website: <http://www.co.currituck.nc.us/planning-community-development.cfm>

Affidavit

I, James O. Myers, Jr. for Lake View Land Development, LLC, subdivider of Lake View at Currituck - Phase 1 (Subdivision Name) certify that:

- I am responsible for maintenance of all common areas, common features, and private infrastructure until **75%** of lots sales within the subdivision.
- I have established a reserve fund to support the continued maintenance and upkeep of common areas, common features, and private infrastructure. The fund has been established at Towne Bank (Banking Institution).
- I shall establish the Homeowner's/Property Owner's Association (hereinafter "association") prior to the sale of the first lot.
- It is solely my responsibility to notify the County upon **75%** lot sales within the subdivision.
- The County is not responsible or liable for maintenance of any common areas, common features, or private infrastructure within the subdivision.

I understand that maintenance responsibility of common areas, common features, and private infrastructure shall not be transferred from the subdivider to the association until **ALL** of the following occur:

- At least **75%** of the total number of lots in the subdivision are sold.
- The subdivider provides an affidavit or resolution signed by the association president that accepts maintenance responsibility for the subdivision.
- The subdivider commissions a report prepared by a licensed engineer indicating that all common areas, common features, and private infrastructure elements comply with the minimum standards in the Unified Development Ordinance and the County Code of Ordinances.
- County staff reviews and approves the report prepared by a licensed engineer.
- The reserve fund contains a minimum balance equal to 10% of the construction costs of all **streets not maintained by NCDOT excluding trees and sidewalks plus 2 years taxes and insurance on common areas and common area stormwater and landscape maintenance costs**. In the event the association has not collected sufficient assessment funds from the lot owners in the subdivision to meet the minimum balance of **\$ See Attachment** in the reserve fund, the subdivider shall be responsible for the difference needed to meet the minimum balance requirements. **See attached breakdown of fund.**

Signature

Date

Notary Certificate

_____ County, North Carolina

I, _____, a Notary Public for _____
County, North Carolina, do hereby certify that _____
personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the _____ day of _____, _____.

(Official Seal)

Notary Signature

My commission expires: _____

Lake View at Currituck

Phase #1 Reserve Fund Calculations:

A. Temporary Reserve Fund Calculation:

1.	Roadway Base Course Construction Cost:	\$ 81,665.00
	Roadway Asphalt Course Construction Cost (2 Courses):	<u>176,440.00</u>
	Phase 1 Total:	\$258,105.00

Temporary Fund Amount: 10% of \$285,105 = \$ 25,810.50

B. Permanent Reserve Fund Calculation:

1.	Annual Cost of Common Area Maintenance:	\$ 2,200.00
2.	Annual Cost of Stormwater Maintenance:	2,352.00
3.	Annual Cost of Common Area Insurance:	<u>2,146.00</u>
		\$ 6,698.00

Permanent Reserve Fund Minimum Amount: 2 x \$6,698 = \$13,396.00

C & L Concrete Works, Inc.

Post Office Box 178
Camden, North Carolina 27921
(252) 335-1994
Fax (252) 331-1111

PAVING COST FOR PHASE 1 LAKE VIEW AT CURRITUCK
LAKE POINT WAY
FOUNTAIN LAKE WAY
GREEN LAKE RD
SUNNY LAKE RD

FINE GRADE	\$ 6,450.00
BASE ASPHALT AND TESTING	\$ 99,265.00
TOP ASPHALT	\$ 70,725.00
TOTAL	\$176,440.00

**LAKE VIEW AT CURRITUCK OWNERS ASSOCIATION
CONSOLIDATED ANNUAL BUDGET PROJECTIONS**

The following budget projects the income and expenses of the association for the first full year of its operation. The assumption was made that the owners of all units recorded at any given time would be paying assessments, although not all units would be occupied for the entire period.

NUMBER OF UNITS		49		
		PER UNIT	MONTH	ANNUAL
INCOME:				
	40000	AVERAGE ASSESSMENT RATE PER MONTH	\$16.00	
	41100	ACCRUED RESIDENTIAL ASSESSMENT	\$784.20	\$9,410.34
TOTAL ASSESSMENT INCOME			\$784.20	\$9,410.34
OTHER INCOME				
	41500	INTEREST	\$5.00	\$60.00
	44150	OTHER INCOME	\$5.00	\$60.00
TOTAL OTHER INCOME			\$10.00	\$120.00
TOTAL INCOME			\$794.20	\$9,530.34
EXPENSES:				
ADMINISTRATIVE				
	52010	MANAGEMENT EXPENSES	\$1.00	\$49.00
	52400	AUDIT FEE	\$0.50	\$24.50
	52500	LEGAL FEES	\$0.50	\$24.50
TOTAL ADMINISTRATIVE COSTS			\$2.00	\$98.00
LAND & BUILDINGS OPERATIONS				
	62150	COMMON ELECTRICITY	\$0.50	\$24.50
	62200	LANDSCAPING MAINTENANCE	\$3.74	\$183.26
	62220	GENERAL REPAIR & MAINTENANCE	\$0.30	\$14.70
	62750	PROPERTY INSURANCE	\$1.50	\$73.50
	62760	LAKE MAINTENANCE	\$4.00	\$196.00
TOTAL OPERATIONS EXPENSE			\$10.04	\$491.96
COMMON REPAIR & REPLACEMENT RESERVE				
	62810	SIGNAGE	\$0.26	\$12.84
	62915	LAKES	\$0.94	\$46.23
	62920	PLAYGROUND	\$0.79	\$38.52
	62930	FOUNTAINS	\$0.66	\$32.10
	62940	ASPHALT PATHS	\$0.30	\$14.46
	62950	SIDEWALKS	\$0.13	\$6.57
	62960	MAILBOXES	\$0.13	\$6.16
TOTAL REPAIR AND REPLACEMENT RESERVE			\$3.20	\$156.89
OPERATING RESERVE			\$0.76	\$37.34
TOTAL EXPENSE			\$16.00	\$784.20
NET INCOME				\$120.00
CAPITAL CONTRIBUTION			\$48.00	\$2,352.00



109 Survey Road
Moyock, NC 27958

Phon... 2524352441

Estimate

Date	Estimate #
9/14/2016	24

Name / Address

Professional Association Services, Inc.
Robert Kirkland CMCA PCAM
503 Open Greens Ct
Virginia Beach, VA 23462

Project

Description	Qty	Rate	Total
Landscape maintenance of Lakeview Terrace Phase 1 common area to include all areas designated on plat in yellow excluding the actual lots. Each visit will include mowing, weedeating, edging all concrete, mulch beds and rings.	1	400.00	400.00
Installation of mulch priced by the yard.	1	50.00	50.00
Mow and weedeat priced by the acre.	1	45.00	45.00
Installation of flowers priced by 6 inch pot	1	4.50	4.50
Tractor work bushhog priced by the acre	1	50.00	50.00

Minimum 4 x 400 = \$1,600
 10 Cy. Mulch = 500
 2 Ac. Bushhog = 100
Minimum Annual Cost: \$2,200

Please find your estimate for review.
Thank you Mark Dickerson

Total \$549.50



LAKE VIEW AT CURRITUCK OWNERS ASSOCIATION

Commercial Insurance Proposal

Quote Number: ACP 3007908238

Effective: 09/07/2016 to 09/07/2017

Premier Businessowners

Policy 1 : BPHG
States of Operation: North Carolina
Primary Operations State: North Carolina

Total Policy Premium \$ 2,146.00

Premium for Certified Acts of Terrorism \$ 0.00

Coverage	Limit	Deductible	Premium
Liability and Medical Payments - Per Occurrence	\$ 1,000,000		\$ 1,072.00
General Aggregate - Other than Products - Completed Operations	\$ 2,000,000		Included
Products - Completed Operations Aggregate	\$ 2,000,000		Included
Personal and Advertising Injury - Per Person or Organization	\$ 1,000,000		Included
Tenants Property Damage Legal Liability Sublimit - Per Covered Loss	\$ 300,000		Included
Medical Payments Sublimit - Per Person	\$ 5,000		Included

Policywide Options	Limit	Deductible	Rating Basis	Exposure	Premium
Business Income					
Actual Loss Sustained	12 Months				Included
Waiting Period		0 Hours			Included
Ordinary Payroll	60 Days				Included
Extended Business Income	60 Days				Included
Extra Expense			None		Included
Actual Loss Sustained	12 Months				Included
Waiting Period		0 Hours			Included
Directors and Officers Liability With Non-Monetary Relief	\$ 1,000,000		Units	159	\$ 680.00
Claims Made Date: 09/07/2016					
Employee Dishonesty	\$ 10,000		Employees	1	\$ 58.00
Hired Auto					\$ 47.00
Limitation of Coverage to Designated Premises					Included
Non-Owned Auto			Employees	1	\$ 47.00



LAKE VIEW AT CURRITUCK OWNERS ASSOCIATION

Commercial Insurance Proposal

Quote Number: ACP 3007908238

Effective: 09/07/2016 to 09/07/2017

Premier Businessowners

Schedule

Location 1-1
154 Survey Rd
MOYOCK, NC 27958

Currituck County
Territory 816
ISO Territory 003
Protection Class 07

General Information

Program	Habitational (BPHG)
Class Code	12777
Class Description	Homeowners Associations
Original Year Built	2016
Occupancy Certified Year	2016
Occupancy Recertified Year	2016
Building Construction	Frame
Percentage of Masonry Veneer	0%
Property Description	MAILBOXES/SIGNS/FENCING/PLAYGROUND EQUIPMENT
Number of Stories	1
Number of Residential Units	159
Total Area (Sq Ft)	1,000
Building Code Effectiveness Grade	01
BCEG Individually Graded	No
Number of Playgrounds, Basketball, or Tennis Courts	1

Coverage	Limit	Deductible	Premium
Building	\$ 45,000	\$ 1,000	\$ 242.00
Replacement Cost			
Automatic Building Increase 1%			
Business Income		None	Included
Equipment Breakdown	Included	\$ 1,000	Included

Increased Limits Coverage Options	Total Limit	Rating Basis	Exposure	Premium
Accounts Receivable (\$25,000 provided)	\$ 25,000			Included
Back Up of Sewer or Drain Water Damage (\$5,000 provided per building)				
Limit Per Building	\$ 5,000			
Limit Per Policy	\$ 25,000			
Building Property of Others (\$10,000 provided)	\$ 10,000			Included
Electronic Data (\$10,000 provided)	\$ 10,000			Included
Forgery and Alteration (\$10,000 provided)	\$ 10,000			Included
Interruption of Computer Operations (\$10,000 provided)	\$ 10,000			Included
Money and Securities				
Inside Premises (\$10,000 provided)	\$ 10,000			Included
Outside Premises (\$10,000 provided)	\$ 10,000			Included
Outdoor Signs - Detached (\$2,500 provided)	\$ 2,500			Included
Outdoor Trees, Shrubs, Plants and Lawns (\$10,000 provided)	\$ 10,000			Included
Valuable Papers and Records (\$25,000 provided)	\$ 25,000			Included

Location 1-1 Total Premium \$ 242.00

Lake View at Currituck – Phase 1

Performance Bond Calculations (See Attachments):

1. Asphalt Surface Course:

$$\$70,725 \times 1.15 = \$81,333.75$$

2. Sidewalks:

$$\$27,750 \times 1.15 = \$31,912.50$$

3. Street Trees:

$$\$23,040 \times 1.15 = \$26,496.00$$

4. Aquatic Plantings:

$$\$13,472.25 \times 1.15 = \$15,493.09$$

(Note: Planting in progress & may be complete prior to final approval.)

C & L Concrete Works, Inc.

Post Office Box 178
Camden, North Carolina 27921
(252) 335-1994
Fax (252) 331-1111

Lake View at Currituck

Asphalt Topping 1.5"

Lake Point Way

Fountain Way

Sunny Lake Way

Green Lake Way

Total	\$70,725
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1850 LF 4" X 4' Walk	\$27,750
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August 26, 2016

Proposal

Franciscus Company
620 Village Ave - Suite E
Virginia Beach, Virginia 23454

RE: Lake View at Currituck - Production - Street Trees - Phase 1

PLANT LIST

Name	Size	Quantity	Cost	Total
<u>Production Street Trees</u>				
Chanticleer Pear	2" cal	120	\$187.50	\$22,500.00

Tax: \$540.00
Total: \$23,040.00

Note: One year Guaranty on new installation
Client will be required to water as needed
for first 2 weeks



July 6, 2016

Proposal

Lake View Land Development, LLC
 620 Village Ave - Suite E
 Virginia Beach, Virginia 23454

RE: Lake View at Currituck - Development - Phase 1 - Section A - 10-13-15

PLANT LIST

Name	Size	Quantity	Cost	Total
<u>Phase 1 - Portion of Lake A</u> Aquatic Plants - 2' o.c.	4" min	687.5	\$5.86	\$4,027.03
<u>Breakdown of Plants:</u>				
<u>Above Perm Pool</u>				
- 3 different varieties- White Turtlehead, Joe Pye Weed, & Halberdleaf Rosemallow				
White Turtlehead	4" min	98.21	\$5.86	\$575.29
Joe Pye Weed	4" min	98.21	\$5.86	\$575.29
Halberdleaf Rosemallow	4" min	98.21	\$5.86	\$575.29
<u>Below Perm Pool</u>				
- 3 different varieties- Duck Potato, Blue Flag Iris, & Arrow Alum				
Duck Potato	4" min	98.21	\$5.86	\$575.29
Blue Flag Iris	4" min	98.21	\$5.86	\$575.29
Arrow Alum	4" min	98.21	\$5.86	\$575.29
<u>Lower Bank</u>				
-Path Rush				
Path Rush	4" min	98.21	\$5.86	\$575.29

Note: One year Guaranty on new installation
 Client will be required to water as needed
 for first 2 weeks

2233 Centerville Turnpike S. • Chesapeake, Virginia 23322 Phone 757/432-0053 Fax 757/432-1223



July 6, 2016

Proposal

Lake View Land Development, LLC
 620 Village Ave - Suite E
 Virginia Beach, Virginia 23454

RE: Lake View at Currituck - Development - Phase 2&3 - Section B - 10-13-15

PLANT LIST

Name	Size	Quantity	Cost	Total
Phase 2 & 3 - Portion of Lake A	4" min	862.5	\$5.86	\$5,052.09
Aquatic Plants - 2' o.c.				
<u>Breakdown of Plants:</u>				
<u>Above Perm Pool</u>				
- 3 different varieties- White Turtlehead, Joe Pye Weed, & Halberdleaf Rosemallow				
White Turtlehead	4" min	123.21	\$5.86	\$721.73
Joe Pye Weed	4" min	123.21	\$5.86	\$721.73
Halberdleaf Rosemallow	4" min	123.21	\$5.86	\$721.73
<u>Below Perm Pool</u>				
- 3 different varieties- Duck Potato, Blue Flag Iris, & Arrow Alum				
Duck Potato	4" min	123.21	\$5.86	\$721.73
Blue Flag Iris	4" min	123.21	\$5.86	\$721.73
Arrow Alum	4" min	123.21	\$5.86	\$721.73
<u>Lower Bank</u>				
-Path Rush				
Path Rush	4" min	123.21	\$5.86	\$721.73

Note: One year Guaranty on new installation
 Client will be required to water as needed
 for first 2 weeks

2233 Centerville Turnpike S. • Chesapeake, Virginia 23322 Phone 757/432-0053 Fax 757/432-1223



July 6, 2016

Proposal

Lake View Land Development, LLC
 620 Village Ave - Suite E
 Virginia Beach, Virginia 23454

RE: Lake View at Currituck - Development - Common Area - Section C - 10-13-15

PLANT LIST

Name	Size	Quantity	Cost	Total
<u>Phase 1 -Pond B & Pond C</u> Aquatic Plants - 2' o.c.	4" min	750	\$5.86	\$4,393.13

Breakdown of Plants:

Above Perm Pool

- 3 different varieties- White Turtlehead, Joe Pye Weed, & Halberdleaf Rosemallow

White Turtlehead	4" min	107.14	\$5.86	\$627.59
Joe Pye Weed	4" min	107.14	\$5.86	\$627.59
Halberdleaf Rosemallow	4" min	107.14	\$5.86	\$627.59

Below Perm Pool

- 3 different varieties- Duck Potato, Blue Flag Iris, & Arrow Alum

Duck Potato	4" min	107.14	\$5.86	\$627.59
Blue Flag Iris	4" min	107.14	\$5.86	\$627.59
Arrow Alum	4" min	107.14	\$5.86	\$627.59

Lower Bank

-Path Rush

Path Rush	4" min	107.14	\$5.86	\$627.59
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Note: One year Guaranty on new installation
 Client will be required to water as needed
 for first 2 weeks

BYLAWS
OF
LAKE VIEW OWNERS ASSOCIATION, INC.

A North Carolina Non-Profit Corporation Under the Laws of the State of North Carolina

ARTICLE I
NAME, REGISTERED AGENT AND DEFINITIONS

Section I. Identity. These are the Bylaws of Lake View Owners Association, Inc., a non-profit, non-stock membership North Carolina corporation (the "Association"). This Association is organized to administer the affairs of Lake View at Currituck, a Planned Community located in Currituck County, North Carolina.

In construing these Bylaws and the government of the Association, the provisions of Chapter 55A of the General Statutes of North Carolina pertaining to the government of nonprofit business corporations, shall be controlling.

Section 2. Registered Agent. The registered agent of the corporation is _____, located at _____, in the County of _____, North Carolina, or as such other place as determined by the Board of Directors from time to time.

Section 3. Definitions

- (a) "Association" shall mean and refer to the Lot Owners in Lake View at Currituck, Dare County, North Carolina.
- (b) "Common Area" shall mean all real property, now or hereafter acquired, including the improvements thereon, owned by the Association for the common use and enjoyment of the Owners.
- (c) "Declaration" shall mean and refer to the Declaration of Protective Covenants, Conditions, Restrictions and Easements applicable to the Properties recorded in the Register of Deeds Office, in the County of Currituck, North Carolina, as the same have been amended or supplemented from time to time.
- (d) "Good Standing" shall mean a member who is not delinquent in the payment of any obligation due the Association, and who does not have any other violation of

the Governing Documents which has not been corrected within the time permitted by the Association for correction.

- (e) “Governing Documents” shall mean the Declarations, the Articles of Incorporation, Bylaws, and Rules, as amended from time to time.
- (f) “Lot” shall mean and refer to any numbered lot or plot of land shown upon any recorded Subdivision Plat with the exception of the Common Area, easements, and rights of way areas.
- (g) “Member” shall mean and refer to those persons entitled to membership as provided in Article 2 of the Declaration.
- (h) “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contracts sellers, but excluding those having such interest merely as security for the performance of an obligation.
- (i) “Property” or “Properties” shall mean and refer to all that certain real property described in the Declaration as the same may be amended from time to time, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- (j) “North Carolina Planned Community Act” (NC PCA) shall mean and refer to Chapter 47F of the North Carolina General Statutes.

ARTICLE II

MEMBERS, VOTING AND MEMBER MEETINGS

Section 1. Membership. Every person or entity, whether one or more persons or entities, who is the record owner of the fee simple title to any Lot as described on the recorded plats for the Properties referenced in the Declaration, shall be a Member of the Association. Membership is appurtenant to and may not be separated from the ownership of any Lot.

Section 2. Eligibility to Vote. Each Member is entitled to one vote for each Lot owned. When more than one person or entity is the record Owner of a Lot, the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Except as otherwise provided by provisions of the Governing Documents, the affirmative vote of sixty-seven percent (67%) of the Members at a duly called meeting at which a quorum is present shall be the decision of the Members, and shall be binding on all the Members.

Section 3. Quorum. Except as provided otherwise in the Governing Documents, the quorum for a meeting of Members shall be the presence, in person or by proxy, of forty percent (40%) of the Members. If, however, the required quorum is not present or represented at any meeting, the Members entitled to vote at the meeting shall have the power to adjourn the meeting and the required quorum at the subsequent meeting shall consist of members present, in person or by

proxy, entitled to cast at least twenty-five (25) percent of the total votes in the Association. These subsequent meetings may be scheduled without notice, other than an announcement at the meeting, until a quorum shall be present or be represented. Proxies shall continue to be valid at any adjourned meeting, subject to the limitation set forth in Section 4 below.

Section 4. Voting. Votes may be cast in person or by proxy. The proxy must be duly executed by or on behalf of an Owner. No proxy shall be revocable except by actual notice given by the Owner to the person presiding over the meeting. A proxy must be filed with the Secretary or other representative designated by the Board of Directors before the meeting begins. The proxy may also be filed by transmitting it electronically in the manner proscribed in the meeting notice. When a Lot is owned by more than one person or entity, the Association shall deem a vote by one of the named Owners or a proxy signed and filed by one of the named Owners as a binding vote or proxy appertaining to the Lot. Appointment of a proxy is effective when received by the Secretary, other officer or agent authorized to tabulate votes. A proxy shall be valid for eleven (11) months unless a longer period is expressly provided for in the proxy appointment.

Section 5. Suspension of Voting Rights. The Board of Directors may suspend the voting rights of any Member whose dues or assessment is delinquent or who is in violation of the Governing Documents. Upon payment of the delinquency or correction of the violation, the Member's voting rights shall automatically be restored.

Section 6. Annual Meetings. The annual meeting of the Members shall be held in the months of _____ or _____ of the calendar year, at a date, time and place to be determined by the Directors. The purpose of the meeting is to transact the business of Lake View Owners Association, Inc., and to elect Board of Director positions.

Section 7. Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of twenty-five percent (25%) of the Members who must be in Good Standing. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

Section 8. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, or their designee, at least thirty (30) days in advance of any annual meeting but no more than sixty (60) days, and at least seven (7) days in advance of any special meeting but no more than sixty (60) days. Notice may be sent by (i) first class mail at the address last appearing on the books of the Association, or supplied by such Member for notice; (ii) hand-delivered to the Member's residence; or (iii) by electronic transmission to the address supplied and consented to by the Member. Such notice shall specify the place, date and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

ARTICLE III

BOARD OF DIRECTORS; SELECTION; TERMS OF OFFICE

Section I. Number, Election and Term. The affairs of this Association shall be managed by a Board consisting of not less than three (3) nor more than five (5) persons. As established in the Declarations, the Developer has appointed Gary Werner, Stuart Gray and Robert Kirkland to serve as initial members of the Board of the Directors. The number of directors to serve for the ensuing term shall be established by the Board of Directors, then serving, at the time it causes the notice of the annual meeting to be provided to the Members. Directors shall be elected to office by the Members. Directors may serve as Officers of the Association. A Director's term shall be three (3) years. It is intended that the Board of Directors will have staggered terms, which terms shall be arranged by the initial Board of Directors.

Section 2. Eligibility. A Director must be a Member or the spouse of a Member residing in the household of the Member. Only one member of a household may serve on the Board at any one time. No Member or spouse of a Member may be elected to the Board or continue to serve if there is any financial obligation due the Association that is more than thirty (30) days in arrears or if there is any violation of the Governing Documents that has not been remedied in the time permitted by the Association.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association at a duly called meeting at which a quorum is present. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Directors and the successor shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties upon approval of the Board.

Section 5. Action Taken Without a Meeting. In the event of an emergency, the Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE IV

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and may include two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least sixty (60) days prior to each annual meeting of the Members. The Nominating Committee shall make as many nominations

for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes will be elected. Cumulative voting is not permitted.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, or by any three Directors, after not less than three (3) days' notice delivered in person, by telephone, facsimile, electronic transmission or mail to each Director. In the event of an emergency, the Board of Directors shall give such notice as is reasonable under the circumstances.

Section 3. Notice to Members. Notice of the time, date and place, and in the case of special meetings, the purpose, of each meeting of the Board of Directors shall be posted where it is reasonably assumed to be available to a majority of the Members and shall be sent by first class mail or email to any Member requesting such notice.

Section 4. Open Meetings. All meetings of the Board of Directors, including any subcommittee or committee meeting, shall be open to all Members. The Board of Directors shall not use work sessions or other informal gatherings to circumvent to open meeting requirements required by law.

Section 5. Comment Period. Subject to reasonable rules adopted by the Board of Directors, the Board of Directors shall provide a designated period of time during a meeting to allow Members an opportunity to comment on any matter relating to the Association. During a meeting at which the agenda is limited to specific topics or at a special meeting, the Board of Directors may limit the comments of Members to the topics listed on the meeting agenda.

Section 6. Minutes. Drafted minutes of the Board of Directors meetings shall be open for inspection and copying (i) within 60 days from the conclusion of the meeting to which such minutes appertain or (ii) when such minutes are distributed to Board members as part of the agenda package for the next meeting of the Board of Directors, whichever occurs first. This shall not apply to any minutes or records of executive sessions.

Section 7. Agenda Materials. Unless otherwise exempt, at least one copy of all agenda packets and materials furnished to the Board of Directors or subcommittee or other committee thereof for

a meeting shall be made available for inspection by the Members at the same time such documents are furnished to the Directors or any subcommittee or committee thereof.

Section 8. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Sections 1. Powers. The Board of Directors shall have the power to:

- (a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of law of the Governing Documents.
- (b) Employ, hire, dismiss, or contract with managers, independent contractors, or such other employees as they deem necessary, and to prescribe their duties.
- (c) Adopt, publish and enforce rules governing the use of the Common Areas and the personal conduct of the Members and their guest thereon, and for such other areas of Association responsibility as set forth in the Governing Documents.
- (d) Adopt, publish, and enforce, a policy for the collection of delinquent Dues, Assessments, and other Obligations to the Association. Suspend a Member's right to use or benefit from any of the Common Area for any period during which any assessment, charges, fees, or dues are more than thirty (30) days past due, subject to any limitations in the NC Planned Community Act (PCA) and other applicable Statutes.
- (e) Suspend a Member's right to use or benefit from and of the Common Areas for any period which any other infraction of the Governing Documents by the Member remains uncorrected after the last day of a period established for correction by the Association;
- (f) Assess charges against any Member for any violation of the Declaration or rules for which the Member or his family members, tenants, guests, or other invitees are responsible.
- (g) Suspend a Member's voting rights for any period during which any assessment against a Member's Lot remains unpaid for thirty (30) days or more, or for violation of the Governing Documents that remains uncorrected after the last day of a period established for correction by the Associations;
- (h) Restrict the use of Common Areas or prohibit certain uses that are inconsistent or interfere with the maintenance of the Common Area.

(i) Declare the office of a member of the Board of Directors to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board of Directors or if there is any financial obligation due the Association that is more than thirty (30) days in arrears or if there is any violation of the Governing Documents that has not been remedied in the time permitted by the Association.

(j) Borrow money, pledge, or deed in trust any or all of the Associations' real or personal property.

(k) Grant permits, licenses and easements under, through and over the Common Areas or other areas of Association responsibility for drainage, utilities, roads, access and other purposes which are reasonably necessary to the continued operations of the Properties, or as deemed by the Board of Directors to be in the best interest of the Association.

(l) Dedicated or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be desired by the Association.

(m) Sell, lease, exchange, dispose of, encumber, or mortgage all or any part of the Common Area in accordance with the Governing Documents.

(n) Enter into shared use or maintenance agreements.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs.

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

(c) As more fully provided in the Declaration, fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period; send written notice of each assessment to every Owner; adopt a collection policy for the enforcement of assessments; and enforce collection of all dues, fees, assessments, and all other obligations to the Association that are delinquent.

(d) Cause a review or audit of its books and records by a Certified Public Accountant when determined necessary by the Association.

(e) Procure and maintain adequate insurance to cover damage to and public liability associated with the Common Areas.

(f) Obtain directors' and officers' insurance to include coverage for any expenses and fees incurred by any of them in defending any suit or settling any claim, judgment, or cause of action to which any officer or director shall have been made a party by reason of his services as a director or officer.

- (g) Cause the common areas to be maintained.
- (h) Enforce the Governing Documents and comply with the North Carolina Planned Community Act (PCA).

ARTICLE VII

ASSOCIATION MANAGEMENT

Section 1. Employment. The Board of Directors may employ or contract for a “Managing Agent” or an “Association Manager,” who shall not be a Member of the Association or a resident on the Properties. Any agreement with a Managing Agent or Association Manager shall provide that it is terminable without cause or for cause if the cause is not cured within a maximum of thirty (30) days. Any Managing Agent or Association Manager who handles funds for the Association shall be covered by its own fidelity bond, as required by North Carolina law, naming the Association as an insured.

Section 2. Duties. The Managing Agent or Association Manager shall perform such duties services as directed and authorized by the Board of Directors.

Section 3. Restrictions. The Board of Directors may delegate to a Managing Agent or Association Manager all of the powers granted to the Board by the Governing Documents except those powers has may be established as exempt by the Board of Directors.

Section 4. Standards. The Board of Directors may impose appropriate standards of performance upon the Managing Agent or Association Manager.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, and such other officers as the Board may from time to time create by resolution. All officers shall be Members of the Association.

Section 2. Election of Officers. The officers shall be elected by the Board of Directors and members of the Board of Directors may serve as Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The Officer(s) of the Association shall hold office for three (3) years unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve the remainder of the term of the replaced officer.

Section 6. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 7. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Members and of the Board of the Directors; shall see that orders and resolution of the Board are carried out; shall sign all leases, deeds, promissory notes, and other written instruments and shall have authority to sign all checks, but may assign check signing authority to the Treasurer.

(b) Vice President. The Vice President shall exercise the authority of the President in the President's absence, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; shall cause to be served or delegate service of notice of meetings of the Board and of the Members; webmaster for the Association website; cause to maintain keep updated, appropriate records showing the Members of the Association together with their current addresses and communication information, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall be responsible for maintaining all financial records of the Association. Responsible for the coordination, preparation, and submission of annual tax returns. The Treasurer shall oversee the keeping of proper books of account and shall provide such financial reports as requested by the President and the Board. The Treasurer shall oversee the preparation of annual statements of income and expenditures to be presented at the annual meeting of the Members. The Board of Directors may assign these duties to the managing agent, in which case, the Treasurer shall be the Board liaison with the managing agent.

ARTICLE IX

COMMITTEES

Section 1. General. The Board of Directors shall appoint committees as deemed appropriate in carrying out its purpose. The Board of Directors shall have the power to determine the number

of persons to serve on any committee and the purpose and duties of the committee. The Board shall appoint the Chair of each Committee. Committee members shall be in Good Standing, and shall serve at the pleasure of the Board of Directors.

ARTICLE X

BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member in Good Standing in accordance with NC General Statutes.

ARTICLE XI

AMENDMENTS

Section 1. Amendment. These Bylaws may be amended, at a regular or special meeting of the Members, by the affirmative vote of sixty-seven percent (67%) of the Members present, in person or by proxy, at a meeting at which a quorum is present.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end of the 31st day of December of every year.

Section 2. Use of Technology. The Association shall have the right to avail itself of new technologies, to the extent permitted by law, now or in the future, the notice, payment, signature, voting, consents or approvals required to be obtained under the Governing Documents or the NC PCA.

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IN WITNESS WHEREOF, the Association has caused these By-Laws to be signed and sealed by its duly authorized officers, this the ____ day of _____, 2016.

LAKE VIEW OWNERS ASSOCIATION, INC.

By: Gary L. Werner

President

STATE OF _____

COUNTY OF _____

I, a Notary Public for the aforementioned State and County do hereby certify that Gary L. Werner personally appeared before me this day and acknowledged the execution of the foregoing declaration in the capacity of President of the Lake View Owners Association, Inc. Witness my hand and seal, this the _____ day of _____, 2016.

My commission expires:

Notary Public

Prepared By and Return To:
Casey C. Varnell, Attorney
Sharp, Graham and Baker, LLP

**DECLARATION
OF
PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS
FOR
LAKE VIEW AT CURRITUCK**

MADE BY: LAKE VIEW LAND DEVELOPMENT, LLC

DATED: _____, 2016

**DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS**

LAKE VIEW AT CURRITUCK

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**DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS**

LAKE VIEW AT CURRITUCK

THIS DECLARATION is made this ____ day of _____, 2016, by Lake View Land Development, L.L.C., a Virginia Limited Liability Company (the "Developer"), having an office at 616 Village Drive; Suite G, Virginia Beach, Virginia 23454.

WITNESSETH:

WHEREAS, the Developer is the Owner of the real property described in Article II of this Declaration which the Developer desires to develop into a residential community ("the "Community") known or to be known as "LAKE VIEW AT CURRITUCK" with open spaces and other common facilities for the benefit of the community; and

WHEREAS, the Developer desires to provide for the preservation of the values and amenities in the Community and for the maintenance of said open spaces and other common facilities; and, to this end, desires to subject the real property described in Article II (the "Property") to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each Owner thereof; and

WHEREAS, the Developer desires that the Property be subdivided into lots upon which are or will be constructed residential dwelling Structures, which lots and structures will be individually owned, and the Developer desires that such open spaces and other common facilities shall remain available for the benefit of all Members of the Community; and

WHEREAS, the Developer desires that the Community will be treated as a Planned Community pursuant to N.C.G.S. Chapter 47F and otherwise known as the North Carolina Planned Community Act, and will be governed according to such statute; and

WHEREAS, the Developer has deemed it desirable, for the efficient preservation of the values and amenities in the Community to create an agency or association to which should be delegated and assigned the powers of maintaining and administering the Community property and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, the Developer has incorporated the Association for the purpose of exercising the aforesaid functions.

NOW THEREFORE, the Developer, for itself, its successors and assigns, declares that the real property described in Section 2.01 and such additional property described in Section 2.02 as may be brought under the scope of this Declaration from time to time, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth (the "Restrictions").

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. The following words, phrases or terms when used in this Declaration or in any instrument supplemental to this Declaration shall, unless the context otherwise prohibits, have the following meanings:

1.01.1. "Association" shall mean and refer to the LAKE VIEW OWNERS ASSOCIATION, INC., a non-stock, not-for-profit corporation, organized under the laws of the State of North Carolina.

1.01.2. "Association Property" shall mean all land, improvements and other properties heretofore or hereafter owned by or in possession of the Association.

1.01.3. "Board of Directors" shall mean the Board of Directors of the Association.

1.01.4. "Builder" shall mean a builder, contractor, investor, or other Person who purchases a Lot for the purpose of constructing a Structure thereon for sale to a third Person.

1.01.5. "By-laws" shall mean the By-laws of the Association in effect from time to time.

1.01.6. "Common Areas" shall mean those portions of the Association Property designated or established for the common use and benefit of all Owners.

1.01.7. "County" shall mean Currituck County, North Carolina.

1.01.8. "Declaration" shall mean this Declaration of Protective Covenants, Conditions, Restrictions and Easements as it may from time to time be supplemented, extended, or amended in the manner provided for herein.

1.01.9. "Developer" shall mean Lake View Land Development, L.L.C., its successors and assigns.

1.01.10. "Lot" shall mean any portion of the Property (with the exception of Association Property) under the scope of this Declaration and (i) identified as a separate parcel on the tax records of the County, or (ii) shown as a separate Lot upon any recorded or filed subdivision map of the Property.

1.01.11. "Member" shall mean each holder of a membership interest in the Association, as such interests are set forth in Article III of this Declaration.

1.01.14. "Owner" shall mean the record Owner, whether one or more persons or entities, of equitable or beneficial title (or legal title is same has merged) of any Lot. The foregoing does not include persons or entities that hold an interest in any Lot merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include one who has merely contracted to purchase any Lot or a lessee or tenant of any apartment, association, single family residence or other improvement located upon any Lot. For the purpose of the enforcement of the rules and regulations of the Association, including but not limited to, this Declaration and the By-laws, "Owner" shall also include the family members, invitees licensees, and lessees of any Owner, together with any other Person or parties holding any possessory interest granted by such Owner in any Lot or the improvements thereon.

1.01.15. "Period of Developer Control" shall mean the period of time prior to conversion of the Class C membership to Class A membership as set forth in Section 3.02.

1.01.16. "Person" shall mean individual, trust, estate, partnership, corporation, limited liability company, business trust or other entity.

1.01.17. "Property" shall mean all Lots and other properties subject to this Declaration.

1.01.17. "Structure" shall mean each completed dwelling (as evidenced by issuance of a Certificate of Occupancy issued by the County) including garage, situated upon the Property or any dwelling structure on the Property that has been occupied as a residence.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION; ADDITIONS THERETO

Section 2.01. Property. Initially, the real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is described in Exhibit A attached hereto and as shown on that certain plat as Exhibit B attached hereto. Regarding the Property, the Developer shall withhold four (4) lots from the Property subject of this Declaration, said lots appearing and being denoted on the plat attached as Exhibit B hereto. The Developer shall retain ownership of these four (4) lots, which shall be used for the purposes of marketing and advertising (i.e., construction and placement of model homes).

Section 2.02. Additional Property. Other lands ("Additional Property") in addition to the lands described in Exhibit A, if any, may become subject to this Declaration in the following manner:

2.02.1. During the Period of Developer Control, the Developer may add Additional Property to this Declaration without the consent of any other Owner by an amendment to this Declaration. After the Period of Developer Control, the owner of any lands who desires to add such lands to the scope of this Declaration and to subject them to the jurisdiction of the Association may do so upon (i) approval in writing of the Association

pursuant to a vote of its Members as provided in the By-laws and (ii) an amendment to this Declaration in accordance with Section 2.02.2.

2.02.2. The Additional Property shall be added to this Declaration by the recording of an amendment to this Declaration which shall extend the scope of the covenants and restrictions of this Declaration to the Additional Property and thereby subject the Additional Property and the owners of the Additional Property to assessments for their fair share of the expenses of the Association. The amendment to this Declaration may also contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as maybe necessary to reflect the different character, if any, of the Additional Property provided same are not inconsistent with the provisions of this Declaration.

2.02.3. Any buildings or other improvements on the Additional Property or to be constructed on the Additional Property must be harmonious in style to those improvements on the Property initially covered by this Declaration.

Section 2.03. Mergers. Upon a merger or consolidation of the Association with another association as provided in the Articles of Incorporation of the Association or the By-laws, its properties, rights and obligations may be transferred to another surviving or consolidated association by operation of law or, alternatively, the properties, rights and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation by operation of law pursuant to a merger. The surviving or consolidated association may administer the Restrictions established by this Declaration within the Property together with the covenants, conditions and restrictions established upon any other properties. No such merger or consolidation, however, shall affect any revocation, change or addition to the Restrictions established by this Declaration within the Property except as hereinafter provided.

ARTICLE III

THE ASSOCIATION STRUCTURE, MEMBERSHIP, VOTING RIGHTS AND DIRECTORS

Section 3.01. Formation of the Association. Pursuant to the laws of the State of North Carolina, the Developer has formed the Association to own, operate, and maintain the Association Property, enforce the Restrictions set forth in this Declaration and to have such other specific rights, obligations, duties and functions as are set forth in this Declaration and in the Articles of Incorporation of the Association and the By-laws, as the same may be amended from time to time. Subject to the additional limitations provided in this Declaration and the Articles of Incorporation of the Association, the Association shall have all the powers and be subject to the limitations of a non-stock, not-for-profit corporation as contained in the applicable laws of the State of North Carolina, as the same may be amended from time to time.

Section 3.02. Membership. The Association shall have as Members only Owners and the Developer. Upon becoming such, all Owners shall be deemed to have become Members

automatically, and there shall be no other qualification for membership. Membership shall be appurtenant to, and shall not be separated from the ownership of a Lot or any of the interests described in the definitions of the words "Owner" and "Developer" as found in Article I of this Declaration.

3.02.1. The Association shall have three (3) classes of voting membership:

Class A. The Class A Members shall be all Owners (other than the Class B Members and the Class C Member) who shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an interest in any Lot, all such persons shall be Members, but the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. When more than one Person holds an interest in any Lot, and such persons are unable to agree on how their vote is to be cast, then such vote shall not be counted in such vote tabulation.

Class B. The Class B Members shall be all Builders. The Class B Members shall not have a vote for any Lot owned unless and until the Builder lawfully occupies the Structure constructed thereon. For the purpose of voting, the vote attached to any Lot owned by a Builder shall be considered to be Class C and will be retained by the Class C Member.

Class C. The Class C Member shall be the Developer, its successors and assigns. The Class C Member shall be entitled to ten (10) votes for each Lot owned by a Class B Member and ten (10) votes for each platted Lot still owned by the Class C Member. The Class C membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier (a) when the total votes outstanding in the Class A membership exceeds the total votes outstanding in the Class C membership, or (b) at the expiration of nine (9) years after the date of this Declaration, provided, that if an amendment to this Declaration is filed adding Additional Property pursuant to this Declaration at any time or times prior to the expiration of said three (3) years (as same may have been extended by the filing of any such amendment), such period shall be extended each time until the expiration of three (3) years from the date of filing of the last such amendment, and the number of votes for each platted Lot will be adjusted so that the conversion of Class C membership to Class A membership shall occur at such time as the Developer no longer owns at least ten percent (10%) of the total number of Lots subject to this Declaration. Notwithstanding the foregoing, the Class C membership shall permanently terminate after twenty (20) years from the date of the recording of this Declaration and shall not be reactivated thereafter. Upon the conversion of the Class C membership to Class A membership, no action may be taken by the Association which would serve to impede the installation of Common Area facilities substantially represented in plans of public record particularly as they may have been required and/or approved by public agencies except with the assent of such principal parties including the Developer, the Federal Housing Administration, the Veterans Administration, and the County.

Section 3.03. Voting and Mortgagee's Control of Votes. Each Owner, including the Developer, shall be entitled to vote(s) for each Lot owned in any portion of the Property covered

by this Declaration in accordance with Section 3.02. It is the intention of the Developer to develop this Community in four (4) separate phases. The initial phase shall have 49 single-family lots. Accordingly, there shall initially be 49 votes in the Association. Owners of each Lot on any Additional Property added by amendment to this Declaration pursuant to Section 2.02 shall be entitled to one (1) vote for each Lot owned. Notwithstanding anything to the contrary which may be contained in this Declaration, if a mortgage lender whose name appears on the records of the Association (i) holds a mortgage on a Lot which prohibits the mortgagor from voting contrary to the interest of the mortgagee, and (ii) notifies the Association in writing at least ten (10) days prior to the date of the vote to be taken of its position on the matter being voted upon, a vote of the subject Lot Owner contrary to the position of such mortgage lender shall not be counted in such vote tabulation.

Section 3.04. Interest in More than One Lot. If any Person owns or holds more than one Lot, such Owner shall be entitled to the appropriate number of votes for each Lot owned.

Section 3.05. Lots Owned or Held by More than One Person or by an Entity. When any Lot is owned or held by more than one Person as tenants by the entirety, in joint or in common ownership or interest, such Owners shall collectively be entitled to only that number of votes prescribed therein for such Lot, and if such Owners cannot jointly agree as to how that vote should be cast, then such vote shall not be counted in such vote tabulation.

In the case of an Owner that is a trust, estate, partnership, corporation, limited liability company, business trust or other entity, any duly authorized representative of such trust, estate, partnership, corporation, limited liability company, business trust or other entity may cast the vote for such Owner.

Section 3.06. Holder of Security Interest not a Member. Any Person holding an interest in a Lot merely as security for the performance of an obligation shall not be a Member.

Section 3.07. Assigning Right to Vote. Subject to the filing of an amendment to any offering plan pursuant to which the Developer has offered interests in the Association, the Developer may assign its membership in the Association to any Person, and the assignee of such membership may make successive like assignments. Any other Owner shall be entitled to assign his right to vote, by power of Attorney, by proxy or otherwise, provided that such assignment is made pursuant to the By-laws. The By-laws may require that the assignment specify the meeting or issue to which the assignment applies.

Section 3.08. Meeting and Voting Regulations. The Board of Directors of the Association may make such regulations, consistent with the terms of this Declaration and the Articles of Incorporation of the Association and the By-laws and the applicable laws of the State of North Carolina, as it may deem advisable for any meeting of its Members, in regard to proof of membership in the Association, evidence of right to vote, the appointment and duties of inspectors of votes, registration of Members for voting purposes, the establishment of representative voting procedures, the establishment of extended canvass periods for voting and such other matters concerning the conduct of meetings and voting as it shall deem appropriate.

Section 3.09. Selection of Directors. The By-laws shall govern the nomination and election of Directors and the filling of vacancies on the Board of Directors. Notwithstanding the preceding sentence, during the Period of Developer Control, the Developer may appoint and remove the officers and members of the Board of Directors. The initial Board of Directors shall be numbered at three (3) and those positions shall be filled by Gary Werner, Stuart Gray and Robert Kirkland.

Section 3.10. Powers and Duties of Directors. The powers and duties of the Board of Directors shall be as set forth in the By-laws and the laws of the State of North Carolina.

Section 3.11. Indemnification of Officers and Directors. Every director and officer of the Association shall be, and is hereby, indemnified by the Association against all expenses and liabilities, including fees of counsel, reasonably incurred by or imposed upon such director or officer in connection with any proceeding to which such officer or director may be a party, or in which such officer or director may become involved, by reason of being or having been a director or officer of the Association, or, any settlement thereof, whether or not such Person is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the board approves such settlement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to, and shall not be exclusive of, all rights to which each such director or each such officer may otherwise be entitled.

Section 3.12. Developer's Written Consent Necessary for Certain Actions Taken by Board of Directors. Notwithstanding anything to the contrary contained in this Declaration, so long as the Developer owns Lots equal in number to ten percent (10%) or more of the number of Lots to which title has been transferred to purchasers for occupancy, but in no event more than nine (9) years from the date of recording of this Declaration, without the Developer's prior written consent, the Board of Directors may not (i) except for necessary repairs or any repairs required by law, make any addition, alteration, or improvement to any Association Property, (ii) assess any amount for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of an amount equal to the proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the relevant phase or phases of the development; (iii) hire any employee in addition to the employees, if any, provided for in the initial budget of the Association, except as may be necessary to maintain the quantity or quality of services or maintenance, (iv) enter into any service or maintenance contract for work not provided for in the initial budget of the Association, except for service or maintenance to facilities not in existence or not owned by the Association at the time of the first conveyance of a Lot; (v) borrow money on behalf of the Association; or (vi) reduce the quantity or quality of services or maintenance of the Property. Until nine (9) years from the date of recording of this Declaration, if the Developer owns Lots equal in number to ten percent (10%) or more of the number of Lots to which title has been transferred to purchasers for occupancy, this Section shall not be amended without the prior written consent of the Developer.

ARTICLE IV

PROPERTY RIGHTS AND EASEMENTS

Section 4.01. Dedication of Association Property. The Developer intends to convey to the Association, subsequent to the recordation of this Declaration, and subject to the provisions of this Declaration, certain tracts of land within the Property for the use and enjoyment of the Members. The Association must accept any such conveyance made by the Developer provided such conveyance is made without consideration.

Section 4.02. Right and Easement of Enjoyment in Association Property. Every Member (and such Member's guests, licensees, tenants and invitees) shall have a right and non-exclusive easement of enjoyment, in common with all other Members, in and to all Association Property, subject to the rights of the Association as set forth in Section 4.03 and the rights of the Developer as set forth in Sections 4.04 and 4.05. Such easements shall be appurtenant to and shall pass with the interests of each Owner.

Every Member shall also have a non-exclusive easement for ingress and egress, in common with all other Members, as described in Section 4.06 hereof and the common utility and conduit easements described in Section 4.05. These easements will be subject to the rights of the Association as set forth in Section 4.03; provided, however, that any conveyance or encumbrance referred to in Section 4.03(c) shall be subject to said easements of each Member for ingress and egress, if applicable.

Section 4.03. Rights of Association. With respect to the Association Property, the Association shall have the right to:

4.03.1. Promulgate rules and regulations relating to (i) the use, operation and maintenance of the Association Property, (ii) the safety and convenience of the users thereof, (iii) the enhancement or preservation of the Association Property and (iv) the promotion of the best interests of the Members in the discretion of the Association.

4.03.2. Grant easements, licenses and rights of way to any public or private utility corporation, governmental agency or political subdivision with or without consideration.

4.03.3. Dedicate, sell, transfer, abandon, partition, or encumber (except for any transfer or encumbrance to a public utility or for other public purposes consistent with the intended use of such land by or for the benefit of all of the Members) all or any part of the land which it owns for such purposes and subject to such conditions as may be agreed to by the Association and the transferee. Such a conveyance shall require the consent of at least eighty percent (80%) of the total votes of all Members voting upon written ballot which shall be sent to all Members whose names appear on the records of the Association not less than ten (10) days nor more than fifty (50) days in advance of the date set for voting thereon.

4.03.4. Enter into agreements, reciprocal or otherwise, with other homeowners' and residents' associations, associations and cooperatives for the use of or sharing of facilities. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Members voting upon written ballot which shall be sent to every Member not less than ten (10) days nor more than fifty (50) days in advance of the date or initial date set for voting thereon.

4.03.5. Exercise all other rights permitted under the laws of the State of North Carolina.

Section 4.04. Developer Rights; Annexations; Withdrawals

With respect to Association Property and in addition to the rights reserved in Section 4.05 below, the Developer shall have the right until the completion of the construction, marketing and initial sale of all Structures to be constructed on the Lots to:

4.04.1 Additions by the Members. Real property may be subjected, annexed or submitted to this Declaration with the written consent of (i) 66% (2/3) of the Class A Members, and (ii) during the Development Period, with the consent of the Class B Member. Action under this Section may require the approval of secondary mortgage agencies so long as there is a Class B Member.

4.04.2 Withdrawable Real Property. During the Development Period, Developer has the unilateral right, without the consent of the Association, any Owner or Mortgagee, to execute and record an amendment to the Declaration withdrawing any portion of the Property which Developer owns from the operation of this Declaration.

4.04.3 Developer Rights. Developer Rights are those rights reserved for the benefit of the Developer as provided for in the Association Documents, and shall include without limitation the following rights: (1) Grant and reserve easements and rights of way for the installation, maintenance, repair, replacement and inspection of utility lines, wires, pipes and conduits, including, but not necessarily limited to, water, gas, electric, telephone, cable TV and sewer to service any Additional Property as referred to in Section 2.02 of this Declaration and grant to itself or to others such easements and rights of way as may be reasonably needed for the orderly development of any Additional Property. (2) Use the Association Property for ingress and egress to those portions of the Property and any Additional Property; (3) to maintain models, management offices, construction offices, sales offices, customer service offices and signs advertising the Property; (4) to make unilateral amendments to the Declaration, Articles of Incorporation (as the same may exist from time to time) and Bylaws as provided for herein; (5) to remove and replace any director appointed by the Developer pursuant to the provisions hereof; (6) to withdraw submitted Land pursuant to the provisions herein; (7) to grant utility easements, easements to Currituck County and/or any utility easement that is necessary and/or appropriate to the development of the property, whether or not such property is subject to this Declaration; and (8) to exercise any other rights given to the Developer by this Declaration or N.C.G.S.

Chapter 47F. The Persons comprising the Developer may each exercise its Declarant Rights unilaterally without the approval of any other Person, Owner or Mortgagee.

With respect to its exercise of the above rights, the Developer agrees (i) to repair any damages resulting within a reasonable time after the completion of development or when such rights are no longer needed, whichever first occurs, and (ii) until development has been completed, to hold the Association harmless from all liabilities which are a direct result of the Developer's exercise of its rights hereunder. This Section shall not be amended without the written consent of the Developer.

Section 4.05. Common Utility and Conduit Easement. Every Owner shall have a non-exclusive easement, in common with all other Owners, to maintain and use all pipes, wires, conduits, drainage areas and public utility lines servicing such Owner's Lot and located on other Lots or on Association Property. Each Lot shall be subject to an easement in favor of the Owners of other Lots to maintain and use the pipes, wires, conduits, drainage areas and public utility lines servicing, but not located on, such other Lots. The Association shall have the right of access to each Lot for maintenance, repair or replacement of any pipes, wires, conduits, drainage areas or public utility lines located on any Lot and servicing the Association Property, Additional Property or any other Lot. The cost of such repair, maintenance or replacement shall be a common expense funded from the Maintenance Assessment, except that, if occasioned by a negligent or willful act or omission of a specific Owner or Owners, such cost shall be considered a special expense allocable to the specific Owner or Owners responsible and such cost shall be added to the Maintenance Assessment of such Owner or Owners and, as part of that Maintenance Assessment, shall constitute a lien on the Lot or Lots of such Owner or Owners to secure the payment thereof as set forth in Article V.

Section 4.06. Common Access Easement. The Developer and all Owners and their guests, mortgagees, licensees and invitees shall have a non-exclusive easement for vehicular and pedestrian (as appropriate) ingress and egress, in common with one another, over all walkways, driveways, and roadways located on the Association Property, and the Association shall have an easement of access over each Lot for the maintenance, repair and replacement of walkways, driveways and roadways or any property or facilities located on such Lot which are owned by the Association or which exist for the common benefit of all Owners.

Section 4.07. Maintenance of Association Facilities. In order to preserve and enhance the property values and amenities of the Property, the Association shall at all times maintain the facilities of the Association in good repair and condition and shall operate such facilities in accordance with high standards.

Section 4.08. Right of Association to Contract Duties and Functions. The Association may contract with any Person for the performance of its various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management agreements with other associations and cooperatives.

Any decision to discontinue independent professional management of certain Association duties and functions and establish self-management therefor shall require the prior written consent of at least sixty-seven percent (67%) of the total votes of all Members voting upon written ballot which shall be sent to all Members whose names appear on the records of the Association at least forty (40) days in advance of the date set for voting thereon.

Section 4.09. Environmental Considerations. In carrying out its responsibilities in enforcing the provisions of this Declaration, and in particular the provisions of Articles VII and IX, the Association and the Architectural Committee shall consider the environmental impact of any existing or proposed activities on the Property or any portion thereof and may, in its discretion, establish standards or guidelines aimed at reducing or eliminating any adverse environmental impact of its activities or take affirmative action to improve the quality of the environment.

Section 4.10. Easements Reserved to Developer for Benefit of Additional Property. Non-exclusive easements are reserved herein by the Developer over applicable portions of the Property for the benefit of Additional Property for the following purposes:

4.10. 1. Ingress and egress over roadways.

4.10.2. Use and connection with utility lines and related facilities including, but not necessarily limited to: telephone, water, gas, electric, telephone, cable TV and sewer. This easement shall not include the right to consume any water, gas, or electricity for which any Owner is billed directly without the consent of the Owner affected.

Upon the connection of lines and/or facilities servicing such lands comprising the Additional Property, should such lands not be added to the scope of this Declaration, such lands shall be responsible for the payment to the Association of a fair share of the cost of operation, maintenance, repair and replacement of those lines and facilities servicing such lands.

Section 4.11. Distribution of Condemnation Awards. In the event all or part of the Association Property is taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Association. The Board of Directors shall arrange for the repair and restoration of such Association Property and shall disburse the proceeds of such award in the same manner as insurance proceeds, in accordance with Article VIII.

Section 4.12. Easements and Rights Binding. The easements, rights-of-way and other rights reserved in this Article IV shall be permanent, shall run with the land and shall be binding upon and for the benefit of the Association, the Developer, the Owners and their respective successors and assigns.

Section 4.13 Parking. The parking of boats and/or boat trailers and recreational vehicles shall not be allowed on individual lots within the Development. Parking of these items shall be limited to a centralized parking area that may exist within any certain phase of the Development. In the event no centralized parking area exists in the particular phase of the Development, boats

and/or boat trailers and recreational vehicles shall be parked off-site and outside of the Development.

ARTICLE V

ASSESSMENTS AND RIGHT OF ASSOCIATION TO BORROW

Section 5.01. Imposition, Personal Obligation, Lien. Each Owner, by becoming an Owner by the acceptance of a deed or otherwise, whether or not such deed or any other instrument pursuant to which title was obtained so provides, shall be deemed to covenant and agree to pay to the Association:

5.01.1. Annual assessments or charges for the maintenance and operation of Association Property ("Maintenance Assessments").

5.01.2. Special assessments for capital improvements to Association Property ("Special Assessments"). Maintenance Assessments and Special Assessments together are hereinafter referred to as "Assessments".

5.01.3. A Special Assessment equivalent to 2 months of Assessments at the time of purchase of the Lot.

The Assessments shall be fixed, established and collected from time to time as hereinafter provided. Each Assessment (or installment payment thereof) together with such late charges, interest thereon and costs of collection as hereinafter provided, shall be a charge and continuing lien upon the Lot against which the Assessment is made and shall also be the personal obligation of the Owner of such Lot at the time the Assessment falls due.

Section 5.02. Purpose of Maintenance Assessment. The purpose of the Maintenance Assessment shall be to fund the maintenance, preservation, operation and improvement of the Association Property and the promotion of the recreation, safety and welfare of the Members, including but not limited to, the payment of taxes on Association Property, any utility services to the Property which are commonly metered or billed, all casualty, liability and other insurance covering the Association Property, any Property or Lots which the Association has the responsibility to maintain and the Association's officers, directors, Members and employees obtained pursuant to Article VIII of this Declaration, for the maintenance, repair and replacement of all facilities commonly servicing the Members, such as roadways and landscaped areas, the cost of labor, equipment, materials, management and supervision thereof, and for all other similar needs as may arise. The amount of any reserves shall be not less than the reasonable requirements of existing or proposed lenders, holders and insurers of first mortgages of the Lots or, if less, the requirements under the laws of the State of North Carolina.

Section 5.03. Date of Commencement and Notice of Assessments and Changes in Annual Assessments. The Assessments provided for herein shall commence on the day on which the first Lot is conveyed or on such date thereafter as may be determined by the Developer. The first

Assessments shall be adjusted according to the number of months remaining, in the fiscal year as established by the Board of Directors and such Assessments shall thereafter be on a full year basis. The Board of Directors of the Association shall fix the amount of the Assessment against each Lot at least thirty (30) days in advance of the beginning of each fiscal year. The Assessments shall be due and payable monthly unless the Board of Directors establishes other periods for payment. Separate due dates may be established by the Board for partial annual Assessments as long as said Assessments are established at least thirty (30) days before the due dates thereof. Written notice of the annual Assessments shall be sent to every Owner subject thereto.

Section 5.04. Assessments for Specific Lots. Once Assessments have commenced pursuant to Section 5.03 above, the Owner of each Lot subject to this Declaration shall be liable for the payment of full Maintenance Assessments, and Special Assessments, if any, except that the Maintenance Assessment on Lots owned by the Developer shall be thirty-three (33%) percent of the assessment set for all other lots.

Section 5.05. Basis for Maintenance Assessment. Subject to Section 5.04 above, the annual Maintenance Assessment shall be the same for all Lots subject to this Declaration so that the number of assessed Lots divided into the total amount which the Board of Directors shall deem to be necessary to fully fund the current budget of estimated expenses and reserves (and any operating deficits previously sustained) shall determine the annual Maintenance Assessment for each Lot.

Section 5.06. Change in Basis of Assessments. The Association may change the basis of determining the Maintenance Assessment by obtaining the written consent of not less than two-thirds (2/3) of the total votes of all Members voting upon written ballot which shall be sent to all Members whose names appear on the records of the Association not less than ten (10) days nor more than fifty (50) days in advance of the date set for voting thereon, except that: (i) during the Period of Developer Control, any change in the basis of assessment which adversely affects a substantial interest or right of the Developer with respect to unsold Lots shall require the specific consent of the Developer in writing, which consent shall not be unreasonably withheld. A written certification of any such change shall be executed by the Board of Directors and recorded in the Office of the Clerk.

Any change in the basis of Assessments shall be equitable and nondiscriminatory within the following classifications: (i) Lots paying full Maintenance Assessments and (ii) Lots paying less than full Maintenance Assessments pursuant to Section 5.04 above.

Section 5.07. Special Assessments for Capital Improvements. In addition to the annual Maintenance Assessment, the Association may levy in any assessment year a Special Assessment, payable in that year and/or the following year only, for the purpose of defraying in whole or in part, the cost of any capital improvements, including without limitation, the construction, reconstruction or replacement of, or repair of a capital nature to, the Association Property or to any Property or Lots which the Association has the responsibility to maintain, including the necessary fixtures and personal property related thereto, provided that for any

Special Assessment for the construction (rather than the reconstruction or replacement) of any capital improvement, and for any Special Assessment amounting to more than 20% of the then current amount of annual Maintenance Assessments, the consent is obtained of two-thirds (2/3) of the total votes of all Members voting upon written ballot which shall be sent to all Members whose names appear on the records of the Association not less than thirty (30) days nor more than fifty (50) days in advance of the date set for voting thereon. The Association shall establish one or more due dates for each payment or partial payment of each Special Assessment and shall notify each Owner in writing at least thirty (30) days prior to the first such due date.

Section 5.08. Non-Payment of Assessment. If an annual Assessment, or installment thereof, is not paid by any Owner on the due date established pursuant to Section 5.03 hereof, then the balance of the annual Assessment shall be deemed delinquent. Any delinquent Assessment payment, together with such interest thereon, accelerated future installments, if any, and cost of collection thereof as herein provided, shall thereupon become a continuing lien on such Owner's Lot which shall bind such Lot and the then Owner of such Lot and such Owner's heirs, devisees, personal representatives, successors and assigns. In addition to the lien rights provided herein, the personal obligation of the then Owner to pay such assessment shall remain such Owner's personal obligation and shall not become the personal obligation of such Owner's successors in title unless expressly assumed by them.

If the Assessment or any installment thereof is not paid within ten (10) days after the due date, the Association may impose a late charge or charges in such amount or amounts as the Board of Directors deems reasonable, not to exceed the limit imposed by the laws of the State of North Carolina, provided such late charges are equitably and uniformly applied.

If the Assessment or any installment thereof is not paid within thirty (30) days after the due date, (i) the Assessment shall bear interest from the due date at such rate as may be fixed by the Board of Directors from time to time, such rate not to exceed the maximum rate of interest then permitted by law; (ii) the Association may accelerate the remaining installments, if any, of such annual Assessment upon notice thereof to the Owner, (iii) the Association may suspend privileges of, or services provided by the Association to, any delinquent Member during any period that such Member's account remains delinquent and (iv) the Association may bring legal action against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and the cost of such proceedings, including reasonable attorneys' fees, shall be added to the amount of such Assessments, accelerated installments, if any, late charges and interest.

Once an Assessment is deemed delinquent as described above, any payments received from the Owner shall be applied in the following order: attorney's fees, other costs of collection, late charges, interest, and then the delinquent Assessment or installments thereof beginning with the amounts past due for the longest period.

Under no circumstances shall dissatisfaction with the quantity or quality of maintenance services furnished by the Association entitle any Owner to withhold or fail to pay the Assessments due to the Association for the Lot or Lots owned by such Owner.

There is hereby created a lien, with power of sale, on each and every Lot to secure payment to the Association of any and all Assessments levied against any and all Lots under this Declaration, together with attorney's fees, other costs of collection, late charges and interest. If any Assessment remains delinquent for thirty (30) days, the Association may elect to file a claim of lien in the Office of the Clerk of Superior Court of the County on behalf of the Association against the Lot of the delinquent Owner. Such a claim of lien shall be executed by any officer or managing agent of the Association and shall contain substantially the following information:

5.08. 1. The name of the delinquent Owner and the name and address of the Association;

5.08.2. A brief legal description and street address of the Lot against which the claim of lien is made;

5.08.3. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorney's fees (with any proper offset thereof);

5.08.4. That the claim of lien is made by the Association pursuant to this Declaration; and

5.08.5. That a lien is claimed against said Lot in an amount equal to the amount stated.

Upon recordation of a duly executed original or copy of such a claim of lien, and certified mailing of a copy thereof to said Owner at the address of the Lot or such other address as may appear on the records of the Association, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such Assessment was levied. Such a lien shall have priority over all liens, encumbrances and claims except (i) liens and encumbrances recorded prior to the recordation of the claim of lien thereof, and (ii) tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal, county or other governmental body assessing the Lot, and the liens, which are specifically described hereinafter. Any such lien maybe foreclosed by appropriate action in court or in any manner provided by the laws of the State of North Carolina, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Owners. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage, and convey such Lot. In the event of foreclosure, reasonable attorney's fees, court costs, title search fees, interest, and all other costs and expenses shall be subject to recovery by the Association to the extent permitted by law. Each Owner, by becoming an Owner, hereby expressly waives any objection to the enforcement and foreclosure of this lien in the manner provided herein.

Section 5.09. Notice of Default. The Board of Directors, when giving notice to an Owner of a default in paying Assessments, may, at its option, or shall, at the written request of a mortgagee, send a copy of such notice to each holder of a mortgage covering such Lot whose name and address appears on the Board's records. The mortgagee shall have the right to cure the Owner's default with respect to the payment of said Assessments.

Section 5.10. Right to Maintain Surplus. The Association shall not be obligated in any calendar year to spend all the sums collected in such year by way of Maintenance Assessments or otherwise, and may carry forward as surplus any balances remaining, nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the Maintenance assessments in the succeeding year, but may carry forward from year to year such surplus as the Board of Directors in its absolute discretion may determine to be desirable for the greater financial security and the effectuation of the purposes of the Association.

Section 5.11. Assessment Certificates. Upon written demand of an Owner or lessee with respect to a Lot which he or she owns or leases, or any prospective purchaser, lessee, occupant, mortgagee or title insurer of such Lot, the Association shall, within the time required by law, or if no such requirement, within a reasonable period of time, issue and furnish a certificate in writing signed by an officer or designee of the Association setting forth with respect to each Lot as of the date of such certificate, (i) whether the Assessments, if any, have been paid; (ii) the amount of such Assessments, including interest and costs, if any, due and payable as of such date; and (iii) whether any other amounts or charges are owing to the Association, e.g. for the cost of extinguishing a violation of this Declaration. A reasonable charge, as determined by the Board of Directors, may be made for the issuance of such certificates. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser, lessee or title insurer of, or lender on the Lot or Lot on which such certificate has been furnished.

Section 5.12. Subordination of Assessment Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage of record now or hereafter placed upon any Lot (unless a claim of lien has been filed pursuant to Section 5.08 prior to the filing of such first mortgage), provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Lot or Lot pursuant to a decree or deed of foreclosure. Such sale or transfer shall not relieve such property from liability for any Assessments thereafter becoming due, nor from the lien of any such subsequent Assessment.

Section 5.13. Right to Borrow and Mortgage. In order to fulfill the purposes set forth herein, the Association may borrow funds from any recognized lending institution, and in conjunction therewith mortgage any Association Property. The amount, terms, rate or rates of all borrowing and the provisions of all agreements with noteholders shall be subject solely to the discretion of the Board of Directors, except that after the Period of Developer Control, any consent of the Developer as required by Section 3.12 of this Declaration must be obtained.

Section 5.14. Repayment of Monies Borrowed. In order to secure the repayment of any and all sums borrowed from time to time, the Association is hereby granted the right and power to:

5.14.1. Assign and pledge all revenues received and to be received by it under any provision of this Declaration including, but not limited to, the proceeds of the maintenance assessments hereunder;

5.14.2. Enter into agreements with noteholders with respect to the collection and disbursements of funds, including, but not limited to, agreements wherein the Association covenants to:

- (a) Assess the maintenance assessments on a given day in each year and, subject to the limitation on amount specified in Section 5.04, to assess the same at a particular rate or rates;
- (b) Establish sinking funds and/or other security deposits;
- (c) Apply all funds received by it first to the payment of all principal and interest on such when due, or to apply the same to such purpose after providing for costs of collection;
- (d) Establish such collection, payment and lien enforcement procedures as may be required by the noteholders; and/or
- (e) Provide for the custody and safeguarding of all funds received by it.

ARTICLE VI

MAINTENANCE BY THE ASSOCIATION

Section 6.01. Maintenance and Repair by the Association. Except as specifically otherwise provided in this Section 6.01, (i) all maintenance, repair and replacement of the improvements on Association Property, including but not limited to the Community park/playground, (ii) the maintenance, repair and replacement of all parking areas, driveways and walkways on the Association Property, (iii) the maintenance of all landscaped areas on Association Property, including any landscaped areas located within the bounds of any public roadway, (iv) the maintenance and upkeep of all ponds located on Association Property; (v) the maintenance, repair and replacement of any identification or directional signs installed by or at the direction of the Developer or the Association shall be the responsibility of, and at the cost and expense of the Association and (vi) all other on-site improvements not dedicated to a local or state agency.

The Association shall assume the responsibility to maintain stormwater measures pursuant to the provisions of the N.C. Stormwater Management Permit Number SW7150602, as issued by the North Carolina Department of Environment and Natural Resources, Division of Energy, Mineral, and Land Resources under NCAC 15A 2H.0100, the provisions of which are hereby incorporated by reference.

The Association shall establish a reserve fund to support the continued maintenance and upkeep of common areas, common features, and private infrastructure. All members of an association shall be responsible for contributions to the association's reserve fund to cover their proportionate share of maintenance costs associated with common areas, common features, and

private infrastructure, including the water supply and distribution system, and the stormwater management systems.

The Association shall be responsible for the maintenance of all shrubbery and other plantings installed by or at the direction of the Developer or the Association on Association Property but not for shrubbery or other plantings installed by or at the direction of any Owner or Lot occupant. With respect to the Lots, the Association shall not be responsible for any repairs or replacements to any portion of a Lot. However, this shall not restrict the right of the Association to repair or replace any portion of a Lot or Lots as provided for in Section 6.02.

Upon the affirmative vote of not less than three-fourths (3/4) of the entire Board of Directors and the affirmative vote of not less than two-thirds (2/3) of the Owners, the Board of Directors may provide for additional maintenance with respect to the Lots or other improvements to the Lots to be undertaken by the Association or discontinuing the performance of some or all of the maintenance responsibilities of the Association with respect to the Lots or other improvements to the Lots.

Subject to the provisions of Section 6.02, the cost of all maintenance performed by the Association shall be funded from Maintenance Assessments.

Section 6.02 Maintenance By the Developer. The common areas, common facilities and open space areas, roadways and other infrastructure, and the stormwater management systems, shown and delineated on the plat attached as Exhibit B described above and duly recorded in the Office of the Register of Deeds of Currituck County, are for the use and benefit of the lot owners of the subdivision. The Developer shall maintain the common areas, common facilities and open space areas, roadways and other infrastructure until seventy-five percent (75%) of the lots are sold.

Maintenance responsibility of the common areas, common facilities and open space areas, roadways, and other infrastructure (infrastructure shall include roads and stormwater management facilities within the Subdivision unless the same are dedicated to and accepted by the North Carolina Department of Transportation) of the Subdivision shall not be transferred from the Developer to the Association until all of the following occur:

- (a) At least 75 percent of the total number of lots in the subdivision are sold; and
- (b) The Developer provides an affidavit or resolution signed by the association president that accepts maintenance responsibility for the subdivision; and
- (c) The Developer commissions a report prepared by a licensed engineer indicating that all common areas, common features, and infrastructure elements comply with the minimum standards in the Currituck County Unified Development Ordinance and the County Code of Ordinances; and
- (d) Currituck County staff reviews and approves the report prepared by a licensed engineer; and

(e) A reserve fund dedicated to the continued maintenance and upkeep of common areas, common features, and private infrastructure is established with a banking institution acceptable to the county in the name of the association, that contains a minimum balance that includes the following:

- (i) Ten percent of the road construction cost for streets not maintained by NCDOT at the time of transfer (gravel base and asphalt only);
- (ii) Liability insurance and taxes for common elements for two years; and,
- (iii) Stormwater facilities and landscaping maintenance cost for two years;

Notwithstanding anything contained in these covenants to the contrary, the Developer may make application to turn over maintenance responsibility to the Association for common areas, common features, or private infrastructure prior to conveyance of seventy-five percent (75%) of the lots in the subdivision subject to the review by the Board of Commissioners. The Board of Commissioners, at the request of the Developer, shall waive the requirement upon a finding that the association has sufficient financial capacity to assume maintenance responsibility for common areas, common facilities, and private infrastructure.

Notwithstanding anything contained herein to the contrary, Developer or any lots owned by Developer shall not be liable for any assessments as long as the lots are owned by the Developer.

The Association shall have the legal authority and the responsibility to maintain control over all common areas, common features, and private infrastructure in the subdivision, following transfer of control by the Developer.

Section 6.03. Repairs and Maintenance not the Responsibility of the Association. Except as provided in Section 6.01, the Association shall not be responsible for (i) the maintenance, repair or replacement of any buildings or structures not owned by the Association; or (ii) the maintenance, repair or replacement of any sewer lines, water lines or other utility lines which are maintained, repaired and replaced by a municipality, public authority, special district or utility company.

Any maintenance, repair or replacement necessary to preserve the appearance and value of the Property made pursuant to Section 6.01 but which is occasioned by a negligent or willful act or omission of an Owner (including (i) any family member, tenant, guest or invitee of such Owner, (ii) any family member, guest or invitee of the tenant of such Owner, and (iii) any guest or invitee of (a) any member of such Owner's family; or (b) any family member of the tenant of such Owner) or the Developer shall be made at the cost and expense of such Owner or the Developer, as the case may be. If such maintenance, repair or replacement is performed by the Association, it shall not be regarded as a common expense, but shall rather be considered a special expense allocable to the specific Lot or Lots and such cost shall be added to that Owner's Maintenance Assessment and, as part of that Assessment, shall constitute a lien on the Lot or Lots, as the case may be, to secure the payment thereof.

Section 6.04. Quality and Frequency of Maintenance and Repairs. All maintenance, repair and replacement, whether or not performed by the Association, shall be of a quality and appearance consistent with the enhancement and preservation of the appearance and value of the Property.

Section 6.05. Access for Repairs. Upon reasonable notice to the Owner(s), the Association (and its employees, contractors and agents) shall have the right to enter upon any portion of the Property and into and upon any Lot at any reasonable hour to carry out its functions as provided for in this Article, except that in an emergency, the Association shall have the right, without notice, to enter upon any portion of the Property and into and upon any Lot to make necessary repairs or to prevent damage to any Lot or any portion of the Property. The repair of any damage caused in gaining access in an emergency shall be an expense of the Association.

ARTICLE VII

ARCHITECTURAL CONTROLS

Section 7.01. Control by Association. After transfer of title by the Developer of any Lot or other completed portion of the Property, enforcement of those provisions of the Declaration pertaining to exterior appearance of the Property and control over any change in use or any additions, modifications or alterations to any exterior improvement on said Lot or other portion of the Property shall be the responsibility of the Association, acting through the Architectural Standards Committee as provided in Section 7.02.

Section 7.02. Composition and Function of Architectural Standards Committee.

7.02.1. Committee Composition. The Architectural Standards Committee shall consist of three (3) regular members and two alternate members. None of such committee members shall be required to be an architect or to meet any other particular qualifications for membership. A committee member may be, but need not be, a member of the Board of Directors or an officer of the Association.

7.02.2. Alternative Members. In the event of the absence or disability of one or two regular committee members, the remaining regular member or members, even though less than a quorum, may designate either or both of the alternate members to act as substitutes for the absent or disabled regular member or members for the duration of such absence or disability.

7.02.3. Initial Members. The Developer shall name three persons who will be designated as the initial members of the Architectural Standards Committee and two persons who will be designated as the alternate members. The initial ASC members shall be Gary Werner, Stuart Gray and Robert Kirkland.

7.02.4. Terms of Office. Unless the initial members of the Architectural Standards Committee have resigned or been removed, their initial terms of office shall be for three (3)

years and until the appointment of their respective successors. Thereafter, the term of each Architectural Standards Committee member appointed shall be for the period of three (3) years and until the appointment of such member's successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

7.02.5. Appointment and Removal. Subject to Section 7.02.1, during the Period of Developer Control, the right to appoint and remove all regular and alternate members of the Architectural Standards Committee at any time, shall be and is hereby vested solely in the Developer. Subject to Section 7.02.1, after the Period of Developer Control, the right to appoint and remove all regular and alternate members of the Architectural Standards Committee at any time, shall be and is hereby vested solely in the Board of Directors, provided, however that no regular or alternate member may be removed from the Architectural Standards Committee by the Board of Directors except by the vote or written consent of two-thirds (2/3) of all the members of the Board of Directors. Exercise of the right of appointment and removal, as set forth herein, shall be evidenced by minutes of a meeting of the Board of Directors identifying each new regular or alternate member appointed to the Architectural Standards Committee and each regular or alternate member replaced or removed therefrom.

7.02.6. Resignations. Any regular or alternate member of the Architectural Standards Committee may at any time resign from the Committee by giving written notice thereof to Developer or to the Board of Directors, whichever then has the right to appoint Committee Members.

7.02.7. Vacancies. The Developer or the Board of Directors shall fill vacancies on the Architectural Standards Committee, however caused, whichever then has the power to appoint Committee Members. A vacancy or vacancies on the Architectural Standards Committee shall be deemed to exist in case of the death, resignation or removal of any regular or alternate member.

7.02.8. Duties. It shall be the duty of the Architectural Standards Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt and amend Architectural Standards Committee Rules which shall be subject to approval by the Board of Directors and to perform other duties imposed upon it by the Restrictions. The Developer shall not be subject to the Committee's decisions.

7.02.9. Meetings and Compensation. The Architectural Standards Committee shall meet from time to time as necessary to perform its duties hereunder. Subject to the provisions of the Section above, the vote or written consent of any two regular Members, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of the Restrictions. The Architectural Standards Committee shall keep and maintain a written record of all actions taken by it at

such meetings or otherwise. Members of the Architectural Standards Committee shall not be entitled to compensation for their services.

7.02.10. Waiver. The approval of the Architectural Standards Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring Architectural Standards Committee under the Restrictions, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 7.03. Submission of Plans to Architectural Standards Committee. After transfer of title to any Lot or other portion of the Property by the Developer, no exterior addition, modification or alteration shall be made on or to such Lot or other portion of the Property or to the improvements located thereon, unless and until a plan or plans therefore, in such form and detail as the Architectural Standards Committee requires, has/have been submitted to, and reviewed and approved by, the Architectural Standards Committee. The Architectural Standards Committee may charge and collect a reasonable fee for the examination of plans submitted for approval.

Section 7.04. Basis for Disapproval of Plans by Architectural Standards Committee. The Architectural Committee may disapprove any plans submitted pursuant to Section 7.03 above for any of the following reasons

7.04.1. Failure of such plans to comply with any of the Restrictions;

7.04.2. Failure to include information in such plans as requested;

7.04.3. Objection to the site plan, exterior design, appearance or materials of any proposed improvements, including without limitation, colors or color scheme, finish, proportion, style of architecture and proposed parking;

7.04.4. Incompatibility of proposed improvements or use of proposed improvements with existing improvements or uses in the vicinity;

7.04.5. Failure of proposed improvements to comply with any zoning, building, health or other governmental laws, codes, ordinances, rules and regulations;

7.04.6. Failure of such plans to comply with any design guidelines or construction requirements adopted from time to time by the Architectural Standards Committee, provided same are uniformly applied to all Lots subsequent to the date of adoption; or

7.04.7. Any other matter which in the judgment and sole discretion of the Architectural Standards Committee would render the proposed improvements, use or uses, inharmonious or incompatible with the general plan of improvement of the Property or portion thereof or with improvements or uses in the vicinity.

Section 7.05. Approval of Architectural Standards Committee. Upon approval or qualified approval by the Architectural Standards Committee of any plans submitted pursuant to Section 7.03 above, the Architectural Standards Committee shall notify the applicant in writing of such approval or qualified approval, which notification shall set forth any qualifications or conditions of such approval, shall file a copy of such plans as approved for permanent record (together with such qualifications or conditions, if any), and, if requested by the applicant, shall provide the applicant with a copy of such plans bearing a notation of such approval or qualified approval. Approval of any such plans relating to any Lot or portion of the Property shall be final as to such Lot or portion of the Property, and such approval may not be revoked or rescinded thereafter, provided (i) the improvements or uses approved are not substantially changed or altered; (ii) that the improvements or uses shown or described on or in such plans do not violate any of the Restrictions; and (iii) that such plans and any qualifications or conditions attached to such approval of the plans do not violate any applicable zoning, building, health or other governmental laws, codes, ordinances, rules and regulations. Approval of any plans for use in connection with any Lot or portion of the Property shall not be deemed a waiver of the right of the Architectural Standards Committee to disapprove similar plans or any of the features or elements included therein if such plans, features or elements are subsequently submitted for use in connection with any other Lot or portion of the Property.

Section 7.06. Written Notification of Disapproval. In any case where the Architectural Standards Committee disapproves any plans submitted hereunder, the Architectural Standards Committee shall so notify the applicant in writing together with a statement of the grounds upon which such action was based as set forth in Section 7.04. In any such case, the Architectural Standards Committee shall, if requested and if possible, make reasonable efforts to assist and advise the applicant so that acceptable plans can be prepared and resubmitted for approval.

Section 7.07. Failure of Committee to Act. If any applicant has not received notice of the Architectural Standards Committee approving or disapproving any plans within 35 days after submission thereof, said applicant may notify the Architectural Standards Committee in writing of that fact. Such notice shall be sent by certified mail, return receipt requested. Unless the Architectural Standards Committee disapproves the plans, the plans shall be deemed approved by the Architectural Standards Committee on the date which is the later of:

7.07.1. 15 days after the date of receipt by the Architectural Standards Committee of such notice, if such notice is given; or

7.07.2. 70 days after the date the plans were originally submitted.

Section 7.08. Committee's Right to Promulgate Rules and Regulations. Subject to the provisions of Section 7.12, the Architectural Standards Committee may from time to time promulgate rules and regulations governing the form and content of plans to be submitted for approval or with respect to the approval or disapproval of certain types of alterations, additions or modifications to improvements, or uses; provided, however, that no such rule or regulation shall be deemed to bind the Architectural Standards Committee to approve or disapprove any plans submitted for approval, or to waive the exercise of the Architectural Standards Committee's

discretion as to such plans, and provided further that no such rule or regulation shall be inconsistent with the provisions of this Declaration or any applicable governmental law, code, ordinance, rule or regulation.

Section 7.09. Delegation of Functions. The Architectural Standards Committee may authorize its staff, subcommittees, or individual members of the Architectural Standards Committee to perform any or all of the functions of the Architectural Standards Committee as long as the number and identity of such staff or members, the functions and scope of authority have been established by a resolution of the entire Architectural Standards Committee. The approval or disapproval of plans by the staff member, individual member or subcommittee will be subject, however, to the reasonable review of the Architectural Standards Committee, in accordance with procedures to be established by the Architectural Standards Committee.

Section 7.10. Liability of Architectural Standards Committee. No action taken by the Architectural Standards Committee or any member, subcommittee, employee or agent hereof, shall entitle any Person to rely thereon, with respect to conformity with laws, regulations, codes or ordinances, or with respect to the physical or other condition of any Lot or other portion of the Property. Neither the Association nor the Architectural Standards Committee, nor any member, subcommittee, employee or agent shall be liable to anyone submitting plans to them for approval or to any Owner, Member or any other Person, in connection with any submission of plans, or the approval or disapproval thereof, including without limitation, mistakes in judgment, negligence or nonfeasance. By submission of such plans, every Owner and other Person submitting plans on behalf of an Owner to the Architectural Standards Committee agrees that no action or suit will be brought against the Association, the Architectural Standards Committee or any member, subcommittee, employee or agent of the Architectural Standards Committee in connection with such submission.

Section 7.11. Architectural Standards Committee Certificate. Upon written request of any Owner, lessee or occupant (or any prospective Owner, lessee, mortgagee, or title insurer) of a Lot or other portion of the Property, title to which has been previously transferred from the Developer, within a reasonable period of time, the Architectural Standards Committee shall issue and furnish to the Owner or other Person making the request a certificate in writing ("Architectural Committee Certificate") signed by a member of the Architectural Standards Committee stating, as of the date of such Certificate, whether or not the Lot or other portion of the Property, or any improvements thereon, violates any of the provisions of this Declaration pertaining to exterior appearance, design or maintenance and describing such violations, if any. A reasonable charge, as determined by the Architectural Committee, may be imposed for issuance of such Architectural Committee Certificate. Any such Architectural Committee Certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and the party to whom such Certificate was issued.

Section 7.12. Restrictions on Change of Architectural Controls. The controls set forth in this Article VII shall not be changed, waived or abandoned, by act or omission, unless consented to in writing by a vote of the majority of the Board of Directors.

ARTICLE VIII

INSURANCE AND RECONSTRUCTION

Section 8.01. Insurance to be Carried. To the extent obtainable at a reasonable cost, and in such amounts as the Board of Directors shall determine to be appropriate unless otherwise required herein, the Board of Directors shall obtain and maintain (1) fire and casualty insurance, if required, (2) liability insurance, (3) directors' and officer's liability insurance, (4) fidelity bond, and (5) worker's compensation insurance, if required, with coverage's to be as follows:

8.01.1. Fire and Casualty. The policy, if required, shall cover the interests of the Association, the Board of Directors and all Owners and mortgagees, as their interests may appear. Coverage shall be for the full replacement cost without deduction for depreciation of all improvements on all Association Property, i.e. covering any common areas constituting Association Property.

The policy shall have the following provisions, endorsements and coverage's: (i) extended coverage, including sprinkler leakage (if applicable), debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage, (ii) inflation guard; (iii) waiver of any right to claim by way of subrogation against individual Owners and the members of their households and families, the Association, the officers and directors of the Association and the managing agent, if any, for the Association; (iv) an exclusion from the "no other insurance" clause of individual Owners' policies; (v) a provision that the policy cannot be canceled, invalidated or suspended because of the act or neglect of someone over whom the insured has no control; (vi) a provision that the policy may not be canceled (including cancellation for non-payment of premium), substantially modified, invalidated or suspended, without at least thirty (30) days prior written notice to all of the insureds, including all mortgagees of Lots to whom certificates or memoranda of insurance have been issued by the insurance carrier or its agent at their respective last known addresses reported to the insurance carrier or its agent; (vii) a provision requiring periodic review at least every two years to assure the sufficiency of coverage; and (viii) a provision that adjustment of loss shall be made by the Board of Directors.

Prior to obtaining any new fire and casualty insurance policy, the Board of Directors shall obtain an appraisal from an insurance company or from such other source as the Board of Directors shall determine to be acceptable as to the full replacement cost (without deduction for depreciation) of the improvements on the Association Property (exclusive of land and foundations) for the purpose of determining the amount of fire and casualty insurance to be effected pursuant to this Section.

The proceeds of all policies of physical damage insurance, if \$50,000.00 or less, shall be payable to the Association, and if \$50,000.00 or more, to an insurance trustee (bank, trust company or law firm) selected by the Board of Directors to be applied for the purpose of repairing, restoring, or rebuilding. This \$50,000.00 limitation shall increase automatically

by 5% each calendar year after the year in which this Declaration is recorded and may be further raised or lowered from time to time upon approval of not less than two-thirds (2/3) of the entire Board of Directors. All fees and disbursements of the insurance trustee shall be paid by the Association and shall be a common expense of all Owners.

The policy shall contain the standard mortgagee clause in favor of mortgagees which shall provide that any loss shall be payable to a mortgagee as its interest shall appear, subject, however, to the loss payment provisions in favor of the Association. . The obligation to restore or reconstruct after damage due to fire or other casualty supersedes the customary right of a mortgagee to have the proceeds of insurance coverage applied to the mortgage indebtedness.

The Association and each Owner shall be a named insured on the policy, as their interests may appear. At the time of purchase, and thereafter if requested, at the time a new policy is obtained or an existing policy renewed, the Association shall provide a copy of a certificate evidencing proof of insurance coverage.

8.01.2. Flood Insurance. If any improvements on any portion of the Association Property is located in an area identified by the federal Secretary of Housing and Urban Development as having special flood hazards, the Board of Directors shall obtain, if available, a policy of flood insurance covering the insurable improvements on the Property or portion thereof located entirely or partially in the flood hazard area. Such coverage shall be the maximum coverage available under the National Flood Insurance Program or 100% of the current replacement cost of all such improvements and other insurable property, whichever is less.

8.01.3. Liability. The liability insurance shall cover the directors and officers of the Association, the managing agent, if any, and all Owners, but not the liability of Owners arising from occurrences within or on such Owner's Lot. The policy shall include the following endorsements: (i) comprehensive general liability (including libel, slander, false arrest and invasion of privacy), (ii) personal injury; (iii) medical payments, (iv) cross liability under which the rights of a named insurer under the policy shall not be prejudiced with respect to such insured's action against another named insured; (v) "severability of interest" precluding the insurer from denying coverage to an Owner because of negligent acts of the Association or any other Owner, (vi) contractual liability; (vii) water damage liability; (viii) hired and non-owned vehicle coverage; (ix) liability for the property of others; (x) host liquor liability coverage with respect to events sponsored by the Association; (xi) deletion of the normal products exclusion with respect to events sponsored by the Association; and (xii) if applicable, garage keeper's liability and watercraft liability.

Coverage may not be canceled or suspended (including cancellation for nonpayment of premium) or substantially modified without at least thirty (30) days written notice to the Association. Any deductible provision shall apply only to each occurrence rather than to each item of damage. The Board of Directors shall review such coverage at least once each year.

Until the first meeting of the Board of Directors elected by the Owner, this liability insurance shall be in a combined single limit of \$1,000,000.00 covering all claims for bodily injury and property damage arising out of a single occurrence.

8.01.4. Directors' and Officers' Liability. The directors' and officers' liability insurance shall cover the "wrongful acts of a director or officer of the Association. The policy shall be on a "claims made" basis so as to cover all prior officers and members of the Board of Directors, and any deductible provision shall apply only to each occurrence and not to each item of damage. If obtainable at reasonable cost, the policy shall not provide for "participation" by the Association or by the officers or directors of the Association.

Until the first meeting of the Board of Directors elected by the Owners, the directors' and officers' liability coverage shall be in the amount of at least \$250,000.00.

8.01.5. Fidelity Bond. The fidelity bond or its equivalent shall cover all directors, officers and employees of the Association and the Association's managing agent, if any, who handle Association funds. The bond shall name the Association as Obligee and be in an amount not less than the estimated maximum of funds, including reserves, in the custody of the Association or managing agent at any given time, but in no event less than a sum equal to three months' aggregate assessments on all Lots, plus the amount of reserves and other funds on hand. It shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression, and shall provide that the bond may not be canceled or substantially modified (including cancellation for non payment of premium) without at least thirty (30) days' prior written notice to the Association.

Until the first meeting of the Board of Directors elected by the Owners, the coverage shall be at least \$10,000.00 for dishonest acts and \$5,000.00 for forgery. Notwithstanding the above, the Board of Directors may, at the request of any Owner, Lot mortgagee, or prospective Owner or Lot mortgagee, increase the amount of such bond to meet the reasonable requirements of any existing or proposed holder or insured of any mortgage made or to be made on any Lot.

8.01.6. Worker's Compensation. To the extent deemed reasonable and necessary by the Board of Directors, worker's compensation insurance shall be obtained. Such insurance shall cover any employees of the Association, as well as any other Person performing work on behalf of the Association, if required by law, and shall be in the amount required by law.

8.01.7. Other Insurance. The Board of Directors may also obtain such other insurance, as it shall deem necessary or desirable from time to time including "umbrella" catastrophe coverage.

8.01.8. No Liability for Failure to Obtain Above Coverages. The Board of Directors shall not be liable for failure to obtain any of the coverage's required by this Section or for any

loss or damage resulting from such failure if such failure is due to the unavailability of such coverage's from reputable insurance companies, or if such coverage's are so available only at demonstrably unreasonable cost.

8.01.9. Deductible. The deductible, if any, on insurance policy purchased by the Board of Directors shall be a common expense and shall not cause the total amount of insurance after application to be less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies, provided, however that the Board of Directors of the Association may assess any deductible amount necessitated by the gross negligence or wantonly malicious act of an Owner against such Owner. The Association may pay the deductible portion for which such Owner is responsible, and the amount so paid, together with interest and costs of collection (including attorney's fees), shall be a charge and continuing lien upon such Owner's Lot, shall constitute a personal obligation of such Owner, and shall be collectible in the same manner as assessments under Article V of this Declaration.

Section 8.02. Restoration or Reconstruction after Fire or other Casualty. In the event of damage to or destruction of any improvements on any Association Property or facility of the Association insured through insurance obtained by the Board of Directors, as a result of fire or other casualty, the Board of Directors shall promptly send written notice to the insurance trustee, if required by Section 8.01.1, and the Board of Directors or the insurance trustee, as the case may be, shall (i) arrange for the prompt repair and restoration of the damaged property and (ii) disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments.

Any repair or restoration as hereinabove described shall be in substantial accordance with the plans and specifications of the damaged improvements as originally built unless otherwise required by applicable laws, codes or regulations. Any proposed substantial deviation therefrom not otherwise required by applicable laws, codes or regulations shall require the written consent of at least 51% of the total votes of all Members voting upon written ballot which shall be sent to all Members whose names appear on the records of the Association not less than ten (10) days nor more than fifty (50) days in advance of the date set for voting thereon.

Section 8.03. Insurance Carried by Owners. Each Owner has the right, at such Owner's expense, to obtain insurance for such Owner's benefit.

Section 8.04. Right of Mortgagees to Pay and be Reimbursed for Insurance and Property Taxes on Association Property. In the event the Association falls to obtain or maintain fire, casualty and liability insurance for Association Property as required under this Article VIII, such insurance may be obtained by one or more mortgagees of Lots, singly or jointly. The Association shall reimburse such mortgagee or mortgagees for any amount expended for such insurance, real property taxes or any other charges with respect to Association Property which are in default and which may become or have become a charge against the Association Property.

ARTICLE IX

GENERAL COVENANTS AND RESTRICTIONS

Section 9.01. Advertising and Signs. Except for signs erected by or with the permission of the Developer in connection with the initial development, lease or sale of Lots, no additional sign or other advertising device of any nature shall be placed for display to the public view on any Lot or other portions of the Property (including temporary signs advertising property for sale or rent) except with the consent of the Architectural Standards Committee.

Section 9.02. Protective Screening and Fences. Any screen planting, fence enclosures or walls initially developed on a Lot or other portion of the Property shall not be removed or replaced with other than a similar type of planting, fence or wall except with the permission of the Architectural Standards Committee. Except for the foregoing, no fence, wall, or screen planting of any kind shall be planted, installed or erected upon said parcel or other portion of the Property unless approved by the Architectural Standards Committee. Notwithstanding the foregoing, no fence, wall or screen planting shall be maintained so as to obstruct sight lines for vehicular traffic.

Section 9.03. Garbage and Refuse Disposal. Except for building materials during the course of construction or repair of any approved improvements, no lumber, metals, bulk materials, rubbish, refuse, garbage, trash or other waste material (all of which are referred to hereinafter as "Trash") shall be kept, stored, or allowed to accumulate outdoors on any portion of the Property, except in sanitary containers and screened from adjacent and surrounding property. Such containers may be placed in the open within 24 hours of a scheduled pick-up, at such place on the Lot or other portion of the Property designated by the Architectural Standards Committee so as to provide access to persons making such pick-up. The Architectural Standards Committee may, in its discretion, adopt and promulgate reasonable rules and regulations relating to size, shape, color and type of containers permitted and the manner of storage of the same on any portion of the Property. All incinerators or other facilities for the storage or disposal of Trash, shall be kept in a clean and sanitary condition.

Section 9.04. No Above Surface Utilities without Approval. No facilities, including without limitation, poles and wires for the transmission of electricity, telephone, cable television, water, gas, sanitary and storm sewer drainage pipes and conduits shall be placed or maintained above the surface of the ground on any portion of the Property without the prior written approval of the Architectural Standards Committee.

Section 9.05. Noxious or Offensive Activities. No noxious or offensive activity shall be carried out upon any portion of the Property, nor shall anything be done thereon that may be or become a nuisance or annoyance in the area to the residents or Owners thereof. The emission of smoke, soot, fly ash, dust, fumes, herbicides, insecticides, and other types of air pollution or radioactive emissions or electro-magnetic radiation disturbances, shall be controlled so as not to (i) be detrimental to or endanger the public health, safety, comfort or welfare; (ii) be injurious to property, vegetation or animals; (iii) adversely affect property values or otherwise produce a

public nuisance or hazard; or (iv) violate any applicable zoning regulation or other governmental law, ordinance or code.

Section 9.06. Oil and Mining Operations. No portion of the Property shall be used for the purpose of boring, drilling, refining, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth (except soil borings, in connection with the improvement of said portion of the Property) and no derrick or other structure designed for use in boring for oil or natural gas or any other mineral shall be erected, maintained or permitted on any portion of the Property, except with the consent of the Architectural Standards Committee

Section 9.07. Dwelling in other than Residential Lots. No temporary building, trailer, basement, tent, shack, barn outbuilding, shed, garage, or building in the course of construction or other temporary structure shall be used, temporarily or permanently, as a dwelling, on any Lot or other portion of the Property except with the consent of the Architectural Standards Committee.

Section 9.08. Television and Radio Antennas. No outside television antenna shall be erected on any Lot or other portion of the Property except with the consent of the Architectural Standards Committee, except for antennas as permitted by FCC regulations and rules.

Section 9.09. Trees and other Natural Features. After the transfer of title by the Developer to a Lot or other portion of the Property, no trees shall be removed from any such transferred Lot or other portion of the Property except with the permission of the Architectural Standards Committee. The Architectural Standards Committee may require mitigation for the unauthorized removal of trees at a 2:1 ratio. The Architectural Standards Committee may adopt and promulgate rules and regulations regarding the preservation of trees and other natural resources and wildlife upon the Property. The Architectural Standards Committee may designate certain trees, regardless of size, as not removable without written authorization.

Section 9.10. Use and Maintenance of Slope Control Areas. Within any slope control or wetlands area shown on any filed map or plat, no improvements, planting or other materials shall be placed or permitted to remain, nor shall any activity be undertaken, which may damage or interfere with established slope ratios, create erosion or sliding problems, or change the direction of flow of drainage channels. The slope control areas of any Lot or other portion of the Property and all improvements thereon shall be maintained continuously by the Owner of said Lot or other portion of the Property, and all improvements thereon shall be maintained continuously by the Owner of said Lot or other portion of the Property, except in those cases where the Association or a governmental agency or other public entity or utility company is responsible for such maintenance.

Section 9.11. Motorcycles. No motorcycle, ATV or similar motor vehicle shall be operated on any portion of the Property except with the consent of the Board of Directors. This does not preclude the lawful use of said vehicles on public streets.

Section 9.12. Residential Use Only. Except as otherwise provided in this Article IX, the Property shall be used only for residential purposes and purposes incidental and accessory thereto

except that, prior to transfer of title by the Developer to all of the Property, the Developer may use one or more Lots or other portions of the Property for model homes and/or a real estate office.

Section 9.13. Commercial and Professional Activity on Property. No wholesale or retail business, including any salon, studio, laboratory, home industry or medical or dental office, shall be conducted in or on any Lot or other portion of the Property without the consent of the Architectural Standards Committee, except (i) by the Developer in conjunction with the initial construction, development, lease and sale of Lots; (ii) the conducting of business by telephone. This restriction is not intended to preclude the operation of an in-home office for purposes other than those set forth above.

Section 9.14. Outside Storage. Outside storage or parking of commercial or recreational vehicles, camper bodies, boats and trailers shall be prohibited except as may be permitted by the Architectural Standards Committee (unless prohibited altogether by the applicable zoning requirements).

Section 9.15. Outdoor Repair Work. With respect to a Lot or other portion of the Property to which title has been transferred by the Developer, no extensive work on any motor vehicles, boats or machines of any kind shall be permitted outdoors on such Lot or portion thereof, except with the consent of the Architectural Standards Committee.

Section 9.16. Oversized, Commercial and Unlicensed Vehicles. Unless used in connection with the construction or sale of Lots by the Developer or maintenance of the Property, the following shall not be permitted to remain overnight on the Property.

9.16.1. Any vehicle that cannot fit into a garage of the size constructed on the Lot.

9.16.2. Commercial vehicles of a weight of two (2) tons or more, unless garaged.

9.16.3. Unlicensed motor vehicles of any type, unless garaged.

9.16.4. Boats, jet ski(s) and trailers.

Section 9.17. Clotheslines. Outdoor clotheslines or other outdoor facilities for the drying or airing of any clothing or bedding are prohibited.

Section 9.18. Setbacks. All lots shall be subject to a front yard setback of twenty-five feet (25') from the front lot line, a rear yard setback of twenty-five feet (25') from the rear lot line and side yard setbacks of fifteen feet (15') from the side lot lines, except when a side lot line is adjacent to a street, the side yard setback shall be twenty feet (20') from the side lot line adjacent to the street.

ARTICLE X

ENFORCEMENT, AMENDMENT AND DURATION OF DECLARATION

Section 10.01. Declaration Runs with the Land. Each Person acquiring an interest in a Lot or other portion of the Property or otherwise occupying any portion of the Property (whether or not the deed, lease or any other instrument incorporates or refers to this Declaration) covenants and agrees for himself, herself, or itself, and for his, her or its heirs, successors and assigns, to observe, perform and be bound by the provisions of this Declaration including personal responsibility for the payment of all charges that may become liens against his, her or its property and which become due while he, she or it is the Owner thereof.

Section 10.02. Enforceability.

10.02.1. Actions at Law or Suits in Equity. The provisions of this Declaration shall bind the Property, shall run with the land and shall inure to the benefit of and be enforceable by the Developer and the Association (being hereby deemed the agent for all Members), and by any Member or Owner, their respective legal representatives, heirs, successors and assigns, by actions at law or by suits in equity. As it may be impossible to measure monetarily the damages that may accrue to the beneficiaries hereof by reason of a violation of the Declaration, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

10.02.2. Penalties and Fines. In addition or as an alternative to an action at law or suit in equity, with respect to any violation and after affording the alleged violator a reasonable opportunity to appear and be heard, the Board of Directors and any committee of the Association may establish monetary and non-monetary penalties, the amount and/or severity of which shall be reasonably related to the violation and to the aim of deterring similar future violations by the same or any other Person. Monetary penalties imposed against an Owner or occupant shall be deemed a Special Assessment against the Lot of such Owner or against the Lot occupied by such occupant and, as such, shall be a charge and continuing lien upon such Lot, shall constitute a personal obligation of the Owner of such Lot, and shall be collectible in the same manner as Assessments under Article V.

Section 10.03. No Waiver by Failure to Enforce. The failure of any beneficiary hereof to enforce any provision of this Declaration shall in no event be construed as a waiver of the right by that beneficiary or any other to do so thereafter, as to the same or a similar violation, occurring prior or subsequent thereto. No liability shall attach to the Developer, the Association (or any officer, director, employee, Member, agent, committee or committee member) or to any other Person or organization for failure to enforce the provisions of this Declaration.

Section 10.04. Obligation and Lien for Cost of Enforcement by Association. If the Association or any other party successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration, or the rules and regulations promulgated pursuant hereto, the costs of such action, including legal fees, shall become a binding, personal obligation of the violator. If such violator is (1) an Owner, or (2) any family member, tenant, guest or

invitee of an Owner, or (3) a family member or guest or invitee of the tenant of an Owner, or (4) a guest or invitee of (i) any member of such Owner's family; or (ii) any family member of the tenant of such Owner, such costs shall also be a lien upon the Lot, the Structure and other portion of the Property owned by such Owner, if any.

Section 10.05. Inspection and Entry Rights. Any agent of the Association (or the Architectural Standards Committee) may at any reasonable time or times, upon not less than 24 hours notice to the Owner thereof, enter upon a Lot or other portion of the Property to inspect the improvements thereon for the purpose of ascertaining whether the maintenance, construction or alteration of structures or other improvements thereon comply with this Declaration, or with rules and regulations issued pursuant hereto. Neither the Association nor any such agent shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

In addition to the above, if the Architectural Standards Committee determines that it is necessary to trim, cut or prune any tree, hedge or other planting because its location or the height to which or the manner in which it has been permitted to grow is unsightly, detrimental or potentially detrimental to persons or property or obscures the view of street traffic or is otherwise in violation of this Declaration, the Association shall notify the Owner of the Lot or other portion of the Property who shall be obliged to remedy the violation. If the Owner fails to remedy the violation within thirty (30) days after such notice is given, then the Association may take such remedial action at the expense of the Owner.

Section 10.06. [INTENTIONALLY OMITTED]

Section 10.07. Amendment or Termination. During the time the Developer owns any Lots, the Developer may make amendments to this Declaration to correct omissions or errors, which amendments shall not adversely modify substantial rights of any Owner without such Owner's written consent. All other amendments of this Declaration, unless otherwise specifically provided for herein, may be made only by the affirmative vote or written agreement signed by the Owners of not less than sixty-seven percent (67%) of all Lots which are subject to this Declaration, including those Lots Owned by the Developer. In addition, and notwithstanding the above, during the Period of Developer Control, the written consent of the Developer will be required for any amendment which adversely affects a substantial interest or right of the Developer, which consent must not be withheld unreasonably.

Except in the case of a taking of all of the Lots by eminent domain, this Declaration may be terminated only by agreement of the Owners of at least eighty percent (80%) of all Lots which are subject to this Declaration including those Lots owned by the Developer. Termination shall take place in accordance with the laws of the State of North Carolina.

In voting for such amendment or termination, Owners shall have one (1) vote for each Lot owned. The Owners of every Lot shall receive written notice of every proposed amendment or termination at least thirty (30) days prior to the date or initial date set for voting on said proposed amendment or termination.

Section 10.08. Owner Responsible for Tenants. Any lease of a Lot shall provide that the tenant shall comply in all respects with the terms of this Declaration, the By-laws and rules and regulations, if any, of the Association. If a tenant is in violation of this Declaration, the By-laws or rules and regulations, the Board of Directors shall so notify the Owner of the Lot which such tenant occupies in writing by certified mail, return receipt requested. If the violation is not cured within fourteen (14) days after the Owner has received notice of such violation, the Association may pursue any remedies which it may have pursuant to Section 10.02.

Section 10.09. When Amendment or Termination Becomes Effective. Any amendment or termination of this Declaration shall not become effective until the instrument evidencing such change has been duly recorded in the office of the Register of Deeds for the County. Such instrument need not contain the written consent of the required number of Owners but shall contain a certification by the Board of Directors that the consents required for such amendment have been received and filed with the Board,

Section 10.10. Duration. The provisions of this Declaration, as amended or unless terminated as provided in Section 10.07, shall continue with full force and effect against both the Property and the Owners thereof for a period of twenty (20) years, and without further notice, as then in force or subsequently amended, shall be automatically extended for successive periods of 10 years each until terminated as provided in Section 10.07.

Section 10.11. Construction and Interpretation. The Association shall have the right to construe and interpret the provisions of this Declaration and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all persons or property benefited by the provisions hereof

Any conflict in construction or interpretation between the Association and any other Person entitled to enforce the provisions hereof shall be resolved in favor of the construction or interpretation of the Association. The Association may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration. In so adopting and promulgating such rules and regulations, and in making any finding, determination, ruling or order or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations, the Association shall take into consideration the best interests of the Owners and residents of the Property to the end that the Property shall be preserved and maintained as a high quality community.

In granting any permit, authorization, or approval, as herein provided, the Association may impose any conditions or limitations thereon as it shall deem advisable under the circumstances in each case in light of the considerations set forth in the immediately preceding paragraph hereof.

Section 10.12. Conflict with Laws. This Declaration shall not be taken as permitting any action or thing prohibited by applicable zoning laws, or the laws, ordinances, rules or regulations of any governmental authority, or by specific restrictions imposed by any deed or lease. In the event of any conflict between this Declaration and the By-laws, this Declaration shall prevail.

Section 10.13. Change of Conditions. No change of conditions or circumstances shall operate to amend any of the provisions of this Declaration, and the same may be amended only in the manner provided herein.

Section 10.14. Invalidity of Agreement or Declaration. The determination by any court that any provision hereof is unenforceable, invalid or void shall not affect the enforceability or validity of any other provision hereof

Section 10.15 Governing Law; Venue. This Declaration shall be governed by the laws of the State of North Carolina. The appropriate venue for any dispute arising from this Declaration shall be the Courts of Currituck County, North Carolina.

ARTICLE XI

GENERAL

Section 11.01. Headings and Captions. The headings and captions contained in this Declaration are for convenience only and shall not affect the meaning or interpretations of the content thereof.

Section 11.02. Right Reserved to Impose Additional or Amend Restrictions. The Developer reserves the right to record additional protective covenants and restrictions or to amend this Declaration prior to the conveyance of the first Lot.

Section 11.03. Notice. Any notice required to be sent to the Developer or to any Owner or mortgagee under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the Person who appears as the Developer, Owner or mortgagee on the records of the Association at the time of such mailing,

Section 11.04. Right of Association to Transfer Interest. Notwithstanding any other provision herein to the contrary, the Association and its successors, shall at all times have the absolute right to fully transfer, convey and assign its right, title and interest under this Declaration to any successor not-for-profit corporation or trust and, upon such assignment, the successor corporation or trust shall have all the rights and be subject to all the duties of said Association as set forth in this Declaration and shall be deemed to have agreed to be bound by all provisions hereof, to the extent as if the successor corporation or trust had been an original party and all references herein to the Board of Directors shall refer to the Board of Directors (or Trustees) of such successor corporation or trust. Any such assignment shall be accepted by the successor corporation or trust under a written agreement pursuant to which the successor corporation or trust expressly assumes all the duties and obligations of the Association. If for any reason, the Association shall cease to exist without having first assigned its rights hereunder to a successor corporation or trust, the covenants, easements, charges and liens imposed hereunder shall nevertheless continue and any Owner may petition a court of competent

jurisdiction to appoint a trustee for the purpose of organizing a not-for-profit corporation or trust to take over the duties and responsibilities of the entity to exist, subject to the conditions provided for herein with respect to an assignment and delegation to a successor corporation or trust.

Section 11.05. Right of Association to Transfer Functions. Unless otherwise specifically prohibited herein or within the Certificate of Incorporation or the By-laws, any and all functions of the Association shall be fully transferable in whole or in part to any other homeowners' or residents' association or similar entity.

Section 11.06. Rights of Mortgagees, etc. The holder, insurer, or guarantor of the mortgage of any Lot in the development shall be entitled to timely written notice of:

11.06.1. Any condemnation or casualty loss that effects either a material portion of the Association Property; and

11.06.2. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

The Association shall have no duty to provide the foregoing unless such parties keep the Association advised in writing as to their mailing address(es) and the address(es) of the Lot(s) in which they have an interest.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Developer places its signature and seal on the day above written.

DEVELOPER:

LAKE VIEW LAND DEVELOPMENT, L.L.C.
a Virginia Limited Liability Company

By: _____(SEAL)

Name: Gary L. Werner

Title: Member/Manager/President

STATE OF _____,
CITY OF _____

Subscribed and sworn to before me this ____ day of _____, 2016, by Gary L. Werner as Member/Manager/President of **LAKE VIEW LAND DEVELOPMENT, L.L.C.**, on behalf of said limited liability company.

Notary Public

My commission expires:

EXHIBIT A

[LEGAL DESCRIPTION]

All that certain tract or parcel of land situated in Moyock Township, Currituck County, North Carolina and more particularly described as follows:

All those certain lots, pieces or parcels of land, known and designated as Parcels 1, 2, 3, 4 and 5 and containing approximately 74.23 acres more or less, as shown on a certain plat entitled, "LAKE VIEW AT CURRITUCK, 5 LOT MINOR SUBDIVISION, Moyock Township, Currituck County, North Carolina", prepared by Bissell Professional Group, Engineers, Planners, Surveyors and Environmental Specialists, dated April 27, 2015, recorded in Plat Book N, Pages 181-182(2) of the Currituck County Registry.