

Recorded 2/28/96

Prepared by & return to Kitty Hawk Land Company
P.O. Box 229, Kitty Hawk, NC 27949

BOOK 377 PAGE 281

418
Modified
Covenants
388/569

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

The Currituck Club

PHASES 1 and 2, LOTS 1 - 186

Poplar Branch Township, Currituck County, Corolla, North Carolina

NORTH CAROLINA
CURRITUCK COUNTY

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

WITNESSETH:

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

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

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

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

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

NOW THEREFORE, the Declarant declares that the real property described in Article One, is and shall be held, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "Declaration") as hereinafter set forth.

ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION

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

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

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

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

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

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

Beginning at a point, said point being located N 23 deg 20'13"W 2515.52' from a concrete monument located in the southeast corner of The Currituck Associates - Residential Partnership and the north boundary line of Turnpike Properties, Inc., thence from said beginning point S 34 deg 04'45"W 151.36', thence S 19 deg 30'01"W 45.00', thence S 09 deg 21'20"W 115.80', thence S 02 deg 32'24"W 97.70', thence S 06 deg 42'29"E 41.27', thence S 24 deg 01'30"E 59.19', thence S 27 deg 15'30"W 55.54', thence N 80 deg 01'22"W 35.00', thence S 27 deg 49'27"W 178.50', thence S 80 deg 34'06"W 52.01', thence along a curve having a radius of 15.00' and an arc length of 23.83' with a chord bearing of S 84 deg 35'07"W 21.40', thence along a curve having a radius of 130.00' and an arc length of 57.49' with a chord bearing of S 26 deg 24'23"W 57.02', thence along a curve having a radius of 270.00' and an arc length of 168.96' with a chord bearing of S 31 deg 39'51"W 166.21', thence along a curve having a radius of 320.00' and an arc length of 167.81' with a chord bearing of S 64 deg 36'52"W 165.90', thence S 79 deg 38'16"W 49.61', thence along a curve having a radius of 720.00' and an arc length of 110.26' with a chord bearing of S 84 deg 01'30"W 110.15', thence S 13 deg 02'33"E 195.91', thence S 06 deg 09'13"W 142.33', thence S 07 deg 56'46"E 53.13', thence S 35 deg 38'36"W 74.04', thence S 70 deg 25'46"W 31.92', thence N 78 deg 41'24"W 58.78', thence S 77 deg 02'51"W 96.33', thence S 76 deg 58'06"W 13.36', thence S 88 deg 04'26"W 62.47', thence N 20 deg 35'03"W 28.67', thence N 15 deg 27'29"W 47.03', thence N 34 deg 49'30"E 33.39', thence N 46 deg 02'23"W 77.64', thence N 23 deg 58'39"W 51.38', thence N 51 deg 27'44"E 26.01', thence N 07 deg 24'28"W 32.70', thence N 44 deg 30'39"W 88.85', thence S 45 deg 37'30"W 27.29', thence N 27 deg 56'45"W 44.49', thence N 58 deg 49'43"W 49.04', thence N 26 deg 40'20"E 257.78', thence N 00 deg 20'03"W 263.07', thence N 19 deg 18'35"W 241.13', thence N 75 deg 22'35"E 110.01', thence N 59 deg 28'36"E 59.02', thence N 89 deg 47'24"E 177.41', thence S 63 deg 02'48"E 117.32', thence N 47 deg 24'53"E 124.23', thence N 06 deg 51'29"E 97.61', thence N 29 deg 38'36"E 51.65', thence N 17 deg 31'41"E 69.02', thence N 06 deg 36'23"E 285.36', thence along a curve having a radius of 920.00' and an arc length of 672.47' with a chord bearing of N 58 deg 37'48"W 657.60', thence S 88 deg 19'42"W 248.64', thence S 71 deg 08'19"W 144.56', thence N 81 deg 37'50"W 66.89', thence N 18 deg 26'43"W 69.72', thence N 17 deg 51'51"W 66.46', thence N 67 deg 24'12"W 41.79', thence N 18 deg 59'58"W 53.97', thence N 01 deg 15'06"W 91.83', thence N 60 deg 22'01"W 59.20', thence N 05 deg 56'58"E 72.72', thence N 18 deg 15'10"W 54.85', thence N 42 deg 22'18"W 56.42', thence N 12 deg 26'50"E 43.22', thence N 36 deg 44'27"W 66.34', thence N 69 deg 44'56"W 30.45', thence N 25 deg 49'36"E 55.09', thence N 22 deg 28'29"W 46.87', thence S 73 deg 43'37"E 77.18', thence along a curve having a radius of 100.00' and an arc length of 213.15' with a chord bearing of N 45 deg 12'42"E 175.03', thence N 15 deg 51'01"W 187.64', thence N 56 deg 37'48"E 31.47', thence along a curve having a radius of 220.00' and an arc length of 31.08' with a chord bearing of N 38 deg 19'15"W 31.05', thence S 66 deg 37'48"W 13.19', thence along a curve having a radius of 230.00' and an arc length of 70.31' with a chord bearing of N 25 deg 53'57"W 70.04', thence N 17 deg 08'29"W 409.48', thence N 23 deg 12'24"W 716.80', thence N 53 deg 47'24"W 418.09', thence N 16 deg 05'23"E 219.03', thence N 76 deg 32'24"E 59.57', thence along a curve having a radius of 220.00' and an arc length of 10.93' with a chord bearing of N 03 deg 28'14"E 10.93', thence N 04 deg 53'37"E 105.00', thence along a curve having a radius of 270.00' and an arc length of 143.69' with a chord bearing of N 20 deg 08'21"E 142.00', thence along a curve having a radius of 230.00' and an arc length of 17.45' with a chord bearing of N 33 deg 12'39"E 17.45', thence N 74 deg 14'58"W 70.63', thence N 04 deg 56'22"W 227.46', thence N 10 deg 53'58"W 483.61', thence along a curve having a radius of 180.00' and an arc length of 158.06' with a chord bearing of N 36 deg 01'20"W 153.01', thence N 06 deg 23'54"E 85.26', thence N 62 deg 01'49"W 30.01', thence S 06 deg 23'54"W 77.12', thence along a curve having a radius of 190.00' and an arc length of 217.78' with a chord bearing of S 75 deg 55'05"W 206.05', thence N 00 deg 32'08"E 320.94', thence N 80 deg 44'25"W 139.99', thence N 27 deg 39'56"W 359.60', thence N 18 deg 07'57"W 167.20', thence N 47 deg 55'43"W 180.35', thence N 17 deg 55'56"W 40.00', thence N 57 deg 09'54"E 199.38', thence along a curve having a radius of 178.44' and an arc length of 135.85' with a chord bearing of N 77 deg 17'16"E 132.59', thence along a curve having a radius of 180.00' and an arc length of 250.02' with a chord bearing of N 15 deg 15'28"E 230.40', thence N 24 deg 32'05"W 438.71', thence N 15 deg 00'25"W 344.80', thence N 74 deg 59'35"E 33.44', thence S 50 deg 11'59"E 216.78', thence S 06 deg 33'31"E 164.07', thence S 49 deg 18'33"E 207.72', thence N 73 deg 06'45"E 101.83', thence along a curve having a radius of 2520.00' and an arc length of 388.94' with a chord bearing of N 18 deg 56'28"W 388.56', thence S 80 deg 47'32"W 109.94', thence N 31 deg 13'01"W 156.10', thence N 20 deg 29'03"E 149.01', thence N 73 deg 05'40"E 79.59', thence N 04 deg 56'20"E 146.11', thence S 87 deg 10'05"E 210.06', thence S 26 deg 14'23"W 25.00', thence S 05 deg 28'48"E 351.14', thence S 15 deg 22'27"E 474.24', thence along a curve having a radius of 100.00' and an arc length of 98.56' with a

chord bearing of S 43 deg 36'39"E 94.62', thence S 18 deg 09'10"W 40.13', thence S 60 deg 25'45"E 94.91', thence S 45 deg 38'06"E 25.25', thence S 29 deg 18'04"W 143.12', thence S 15 deg 40'38"W 217.29', thence S 15 deg 37'22"W 378.45', thence S 04 deg 24'49"W 497.84', thence S 69 deg 16'33"W 48.12', thence along a curve having a radius of 370.00' and an arc length of 139.22' with a chord bearing of S 51 deg 15'03"E 138.40', thence S 62 deg 01'49"E 59.22', thence N 45 deg 14'42"E 193.49', thence S 72 deg 57'52"E 253.56', thence N 81 deg 50'53"E 310.96', thence S 26 deg 06'55"E 382.60', thence S 06 deg 15'12"E 381.93', thence along a curve having a radius of 180.00' and an arc length of 248.86' with a chord bearing of S 45 deg 51'36"E 229.51', thence S 85 deg 07'19"E 28.26', thence along a curve having a radius of 40.00' and an arc length of 81.42' with a chord bearing of S 26 deg 48'28"E 68.08', thence S 58 deg 29'26"E 10.01', thence S 31 deg 30'34"W 294.22', thence S 27 deg 08'33"W 212.57', thence along a curve having a radius of 175.00' and an arc length of 327.79' with a chord bearing of S 39 deg 13'24"E 281.94', thence N 87 deg 06'54"E 92.92', thence S 04 deg 15'57"W 212.06', thence S 01 deg 29'30"E 300.66', thence S 29 deg 49'13"E 333.22', thence S 07 deg 03'08"W 75.58', thence S 73 deg 51'07"W 97.26', thence S 64 deg 44'53"W 407.06', thence S 06 deg 28'01"E 64.13', thence along a curve having a radius of 220.00' and an arc length of 36.84' with a chord bearing of S 01 deg 40'11"E 36.80', thence along a curve having a radius of 180.00' and an arc length of 252.13' with a chord bearing of S 37 deg 00'00"E 232.02', thence along a curve having a radius of 295.00' and an arc length of 40.73' with a chord bearing of S 73 deg 10'19"E 40.70', thence N 74 deg 20'24"E 171.65', thence N 64 deg 26'45"E 173.94', thence S 05 deg 12'21"E 406.80', thence S 21 deg 11'35"E 325.28', thence S 24 deg 28'28"E 107.88', thence S 30 deg 14'16"E 89.15', thence S 42 deg 06'10"E 72.92', thence S 31 deg 07'39"E 204.53', thence along a curve having a radius of 100.00' and an arc length of 132.18' with a chord bearing of S 68 deg 59'46"E 122.77', thence N 73 deg 08'07"E 219.23', thence along a curve having a radius of 180.00' and an arc length of 114.08' with a chord bearing of N 54 deg 58'44"E 112.18', thence S 08 deg 20'07"W 216.00', thence S 53 deg 05'54"E 175.63', thence S 76 deg 16'37"E 119.69', thence S 70 deg 10'44"E 237.66' to the point and place of beginning.

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

(b) Other Additions. Upon approval in writing of the Association, pursuant to authorization by way of a two-thirds (2/3) vote of all of its Members, voting as provided in Section 2 of Article Six hereof, the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration as described in subsection (a) above. Any approval by the Association pursuant to this subsection shall be evidenced by the Association executing any such Supplemental Declaration(s). The Declarant shall have the right to approve any such addition to the scheme of this Declaration until such time as the Declarant no longer owns any property subject to the terms hereof.

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

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

ARTICLE TWO: DEFINITIONS

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

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

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

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

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

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

"Common Expenses" shall mean and refer to:

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

"Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected) labeled as "Common Properties" or shown as Recreational Facilities, open space, Beach Access, streets, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon) which are a part of The Properties, and as such intended to be devoted to the common use and

enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots, Dwelling Units, Other Lots or Other Residential Units.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE THREE: GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by two-thirds (2/3) of the Members of the Association has been recorded, agreeing to change said covenants and

restrictions in whole or in part; provided, however, that no such agreement to change shall be effective unless proper written notice of the proposed agreement is sent to every Member at least fifty (50) days in advance of any action taken.

Section 2. Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration, shall be deemed to have been properly sent when mailed, postage prepaid, registered or certified mail, return receipt requested, or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title to a Lot, Other Lot, Dwelling Unit, or Other Residential Unit is held by more than one, shall constitute notice to all Owners of a Lot, Other Lot, Dwelling Unit or Other Residential Unit.

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

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

ARTICLE FOUR: ARCHITECTURAL CONTROL.

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

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

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

Section 3. Architectural Control Committee.

(a) Membership. The Committee shall be composed of three (3) persons (who need not be Members of the Association) appointed by the Board. A majority of the Committee may designate a representative to act for it. In the event of death, resignation, or removal by the Board of any member of the Committee, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available to any Owner.

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

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

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

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

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

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees, will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The initial approval application fee will be Two Hundred Fifty Dollars (\$250.00). The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner of the Lot or Dwelling Unit as provided hereinabove. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot or Dwelling Unit.

All notices required to be given herein shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to Federal Express), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. One set of Plans denoted as approved (or approved with specified conditions) shall be retained by the Committee and the other two shall be returned to the applicant.

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

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

Section 1. Permissible Uses. No Lot shall be used except for residential purposes (with the exception of any sales center, office, building or model home constructed or used by the Declarant or his Agent). Specifically, no "Model Home" or "Open House" type of operation shall be allowed within the Properties other than with Declarant's explicit written permission, notwithstanding Declarant's right to operate such "Model Home" or "Open House," at its discretion, any where within the Properties at any time. No building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit and its accessory buildings, which shall comply with any applicable zoning regulations and the requirements of Articles Four and Five of this Declaration.

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

Section 2. Division of Lots; No Time Sharing.

(a) No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by such Owners and provided further that no more than two (2) Dwelling Units may be constructed on the three (3) combined Lots. In event of such a recombination, the sideline setbacks and sideline easements shall be released as to the old interior common sidelines and become applicable to the new common sideline created within the old shared Lot.

(b) No Lot, unit of ownership or ownership interest may be subdivided to permit time sharing or other devices to effect interval ownership unless approved by the Association subject to conditions which may be imposed by the Association. For purposes of this section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

Section 3. Water and Sewer Facilities. Water and sewer treatment and services shall be provided to the Properties, and to The Currituck Club in general, by a State-licensed and regulated utility company or companies, with fees set and regulated by the North Carolina Utilities Commission. Water and sewer services will be extended to all Lots, Dwelling Units, Other Lots or Other Residential Units prior to transfer of title of such Lot, Dwelling Unit, Other Lot or Other Residential Unit to the Owner.

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

Section 4. Utilities and Other Easements. All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utilities lines and conduits for the purpose of bringing public or other services, at this time known or unknown, to The Properties on, in, under and over the streets or roads and over any Lot or Other Lot, shown on any recorded plat of The Properties within twenty-five (25) feet of each Lot and Other Lot line fronting on a street, within ten (10) feet along the side lines of each Lot and Other Lot, within twenty-five (25) feet along the rear line of each Lot and Other Lot, and over such other areas as are so identified on any recorded plats of The Properties. In addition, the Association may cut, in the above described easements, as well as any where else that such may be required, at its own expense, drainways for surface water and/or to install underground storm drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, along street fronting property lines, in the twenty-five (25) foot easement hereby reserved, Declarant shall also reserve the right for installation, maintenance and repair of bike and pedestrian paths, street lights and/or street-side landscaping. Also reserved in the thirty (30) feet adjoining the golf course on any Lot will be an easement, and the right to locate and service thereon, shallow wells and underground connections thereto for the purposes of irrigation of the Golf Club and landscape features. In the event of any additions to The Properties, as provided in Article One, by the Declarant or others, the easements created hereby shall exist on the Lots in such additions to The Properties. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

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

Section 5. Minimum Square Feet in Dwelling Unit. Each Dwelling Unit shall contain a minimum of 2,000 square feet of Living Area. Measurements shall be made to exterior walls.

Section 6. Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Properties at any time, provided, however, that this prohibition shall not apply to shelters or sheds used by contractors during the construction of a Dwelling Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or, except as provided for in Section 17 of this Article Five, be permitted to remain on any portion of The Properties.

Section 7. Committee Approval of Plans and Other Prohibitions.

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

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

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

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

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

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

Section 8. Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage (and recyclables, if such a program is in place in Cumberland County), and all garbage receptacles, tools and equipment for use on a Lot or Dwelling Unit by any Owner, shall be placed in a screened area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads and neighbors abutting the Lot or Dwelling Unit. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to view. No underground storage tanks for natural gas, propane, chemicals, petroleum products or any other mineral or toxic product will be allowed anywhere in The Properties.

Section 9. Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of The Properties, except as is temporary and incidental to the bona fide improvement of any portion of The Properties. Job site debris shall be removed from the Lot (job site) at least semi-weekly.

Section 10. Antennas. No television antennas, radio receiver or sender antenna or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or structure, or placed on any Lot or Common Properties within The Properties; provided, however, that the provisions of this paragraph shall not apply to the installation by the Association of equipment necessary for a CATV and/or mobile radio system within The Properties. A satellite dish not to exceed eighteen (18) inches in diameter may be installed so long as it is appropriately screened from view (as determined by the Committee).

Section 11. Landscape Plan. As part of the Plans package submitted by a Lot Owner to the Committee for approval of such Owner's Plans for building, there shall be included a comprehensive landscape plan prepared by a landscape architect or other qualified landscape designer or horticulturist (the "Landscape Plan"). Shown thereon, in addition to the scheme for decorative plantings, shall be all of the planned site improvements and modifications, including, but not limited to, major topographic changes and plans for revegetation and stabilization thereof, the location and specifications for all terraces, walkways, driveways, paths, fences, bulkheading, walls, pools, outdoor lighting and the specifications for other fixtures and structures envisioned to be constructed as part of the Landscape Plan.

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

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

Section 12. Trees and Foliage. Trees measuring three (3) inches or more in diameter, at a point two (2) feet above ground level, and any flowering trees or shrubs above five (5) feet in height may not be removed from The Properties without the written approval of the Committee, unless located within ten (10) feet of a Dwelling Unit, or site for such Dwelling Unit, or in the path of driveways and walkways located or to be located on any Lot. Excepted herefrom shall be damaged trees or trees which must be removed because of an emergency.

Section 13. Unsightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly or unkept conditions to exist on his Lot, Dwelling Unit, or grounds which shall tend to decrease the beauty of The Properties, specifically or as a whole. During the construction of any improvement to a Lot in The Properties, the Lot, roads, bike paths, landscaping and Common Areas adjacent thereto shall be kept in a neat and orderly condition so as not to cause an unsightly condition to exist or damage to occur. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the Lot and adjoining areas as specified herein or allow damage to occur and such failure continues or damage remains unpaired for seven (7) days following delivery of written notice thereof from Declarant or the Association, Declarant or the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot and adjoining area. In the event the Declarant or the Association, after such notice, causes the subject work to be done, the costs of such shall be reimbursed by the Owner to the Association and will become a continuing lien on the Lot until paid.

Section 14. No Offensive Activity or Fires. No noxious or offensive activity or excessive noise shall be carried on upon any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of The Properties. Fires on any Lot or Dwelling Unit or on any portion of the Common Properties are prohibited unless procedures adopted by the Board are strictly followed.

Section 15. Certain Plants, Animals, and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of an other Lot or Dwelling Unit Owners, or tenants and guests thereof, may be maintained on a Lot or in a Dwelling Unit. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or in any Dwelling Unit, except that a reasonable number, but no more than three, dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. At no time will any household pets be allowed to run free, and at all times when off the Owner's Lot, such household pets will be on a leash.

Section 16. Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within The Properties is prohibited unless required for public safety.

Section 17. Motorized Vehicles, Prohibited Parking. All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the roads within The Properties. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any street right-of-way or on any Lot or on any portion of the Common Properties overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of this Declaration. In addition, each Owner shall provide as a part of his Dwelling Unit or as a part of an accessory

building thereto an enclosed garage or other suitable approved enclosure for the parking, out of public view, of two full sized automobiles.

Section 18. Signage. No "For Sale" or "For Rent" signs or other signs of any kind shall be displayed in public view on any Lot, Dwelling Unit, facility, appurtenance, short or long term parked vehicle, accessory building or structure unless approved by the Declarant, who shall also from time to time provide design criteria and color schemes for approved signage. Notwithstanding the foregoing, the Declarant shall have the right to locate sign or signs indicating the location of sales and rental centers, identify model homes or living units and their builder, any Recreational Facilities and such other informational signs of any type as may be necessary or desirable, in Declarant's sole opinion, to facilitate Declarant's plans for development and sales at The Currituck Club.

Section 19. Payment of Joint Walkways. Any joint walkway (Limited Common Properties) shown on any recorded subdivision map of The Properties, if and when improved, shall be improved and maintained by the Owners of the Lots on which such joint walkway abuts.

Section 20. Vegetation. No existing vegetation or sand dunes shall be disturbed during construction without the express written consent of the Committee. The Committee shall require written proposals for the restabilization of any such disturbed area. Any vegetation disturbed during construction shall be repaired to the satisfaction of the Committee prior to the Owner applying for an occupancy permit from Currituck County or the appropriate municipal body. This shall not prevent or limit in any way the Declarant from engaging in such earthmoving, clearing, mowing, and pruning activities as are necessary to affect the overall plan of development.

Section 21. Mail and Delivery Boxes. The Committee shall determine the standards and issue guidelines for the location, material, color and design for mail and newspaper boxes, if any, and the manner in which they shall be identified. All Owners must display the County assigned street address on their mail boxes, or other appurtenance, pursuant to the then current regulations of Currituck County.

Section 22. Residential Lot Coverage. In compliance with the Currituck County Unified Development Ordinance limitations, no more than twenty-five percent (25%) of any Lot shall be covered by principal and accessory structures, excluding parking areas and driveways. An additional fifteen percent (15%) of the Lot may be covered by walkways, pools or uncovered decks or patios. (This covenant also insures continued compliance with stormwater runoff rules adopted by the State of North Carolina and thus may be enforced by the State of North Carolina.)

Section 23. Fences. Fences are subject to the complete jurisdiction of the Committee as to location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the Owner of a Lot or Dwelling Unit, no fence shall be allowed along any Lot or Dwelling Unit property line or closer to any water course or the Golf Course than lies the nearest residential structure thereto. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing, does not detract from the reasonable value of any Lot or Dwelling Unit and does not unreasonably impede the view of any water course, the golf course, or other attractive feature from any other Lot or Dwelling Unit.

Section 24. Docks and Piers. No docks, piers, or elevated or suspended walkways of any kind, or any other man-made structure whatsoever, shall be constructed in or out over Currituck Sound or any lake, pond, waterway, marsh, off-property wetland, other water course, Common Properties, or any other place, by any one other than the Declarant. To the extent that any of such are constructed by the Declarant, the Declarant may limit the time or nature of the use of the same. The Owner of any Lot, Other Lot, Dwelling Unit or Other Residential Unit abutting Currituck Sound shall neither have nor acquire any riparian rights with respect thereto. No riparian rights shall be acquired by any Owner whatsoever.

Section 25. Driveways. All driveways, guest parking and turnabouts will be of non-porous materials; and special materials, surface treatments and/or accents will be required by the Committee.

Section 26. Certificate of Completion. Prior to occupancy of any Dwelling Unit, the Owner must first notify the Committee in order that an inspection be made by a representative of the Committee to see that all aspects of the Plans have been completed. Only the Landscape Plan will be allowed to be completed after occupancy. On inspection and finding that all aspects of the Plans have been completed, the Committee will issue to the Owner a "Certificate of Completion" and the Owner can occupy the Dwelling Unit.

Section 27. Energy and Water Saver Construction. Every Dwelling Unit or Other Residential Unit will be built to achieve the highest current level of energy and water saving standards.

Section 28. Windstorm Resistance Standards. The Currituck Club requires all dwellings to be built in accordance with current PROJECT BLUE SKY wind resistance construction standards, which will include using only PROJECT BLUE SKY CERTIFIED BUILDERS and PROJECT BLUE SKY CERTIFIED FRAMING SUPERVISORS. Standards also will require adherence to the Alternative Acceptable Methods and Materials and Independent Design and Construction Practices Manuals as developed by PROJECT BLUE SKY. PROJECT BLUE SKY has the right to determine that these standards are being consistently followed. Declarant reserves the right to allow Owners to forego adherence to any future PROJECT BLUE SKY standards which in Declarant's sole discretion are deemed to be unreasonable, arbitrary or unnecessary. A copy of the current BLUE SKY Standards is available from the Declarant.

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

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

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Dwelling Unit in The Properties as well as every person who is Owner of any Other Lot or Other Residential Unit in The

Currituck Club is subject by this and any other declarations to all rights, responsibilities and assessments of the Association and shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

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

(a) Class I. Class I Members shall be all Owners of Lots or Dwelling Units within The Properties, as well as all Owners of Other Lots or Other Residential Units in other sections of The Currituck Club, other than the Declarant. In the case of multiple ownership of any property, those multiple Owners shall be treated collectively as one Owner. Any Class I Members shall be entitled to one and one-half (1½) votes for each Dwelling Unit or Other Residential Unit which he owns. The Owner of a Lot in The Properties upon which a Dwelling Unit or Other Residential Unit has not been constructed, or the owner of any Other Lot in The Currituck Club, shall be entitled to one (1) vote for each Lot or Other Lot which he owns. It is the intent of this provision that so long as a property qualifies as a Lot or Other Lot, by virtue of the fact that improvements have not been constructed thereon, the owner thereof, as a Member, shall have only one (1) vote, but once the improvements are constructed (the improvements shall be deemed to be "constructed" upon obtaining an occupancy permit from Currituck County or other applicable authority) the Lot or Other Lot loses its character as a Lot or Other Lot and becomes a Dwelling Unit or Other Residential Unit, and the Owner thereof shall have a total of one and one-half (1½) votes for the ownership of each Dwelling Unit or Other Residential Unit.

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

- (i) Declarant has sold and closed the sale of 400 lots within the Properties; or
- (ii) December 31, 2006

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

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

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

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

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

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

The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of The Properties.

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

ARTICLE SEVEN: PROPERTY RIGHTS IN THE COMMON PROPERTIES

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

Section 2. Title to Common Properties. The Declarant may retain the legal title to any Common Properties shown on any recorded plat of The Properties, until such time as it has completed improvements, if any, thereon and until such time as Declarant so wishes and/or, in the opinion of the Declarant, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors and assigns, that it shall convey, and upon such conveyance the Association shall accept, any such Common Properties to the Association not later than December 31, 2006.

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

- (a) the right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any recorded plat of the Properties and/or The Currituck Club;
- (b) the right of the Association, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any published rules and regulations adopted by the Board;
- (c) the right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Properties; and
- (d) the right of the Association to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless fifty-one percent (51%) of the votes of Members entitled to vote, at a Special Meeting of the Members called in accordance with the Bylaws (any consents in writing presented to the Secretary or other officer of the Association at or prior to such meeting shall constitute votes of Members), consent to and approve of such dedication, transfer, purpose or condition. (If so agreed to and approved by the Members, such dedication and transfer, specifying the purposes(s) and condition(s) thereof, shall be executed by the President and Secretary of the Association with the same formalities of a deed and recorded in the Office of the Register of Deeds of Currituck County.)

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

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

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

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

ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS

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

- (a) annual assessments or charges as herein or in the Bylaws provided;
- (b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided); and
- (c) any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the Bylaws.

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

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

- (a) improvement, maintenance, and replacement of any of the Association's Common Properties including, without limitation, the Recreational Facilities and payment of the Common Expenses;
- (b) maintenance of exteriors of Dwelling Units and Other Residential Units and related improvements on Lots in The Properties, as well as Other Lots within The Currituck Club, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Article Nine, Sections 1 and 2 of this Declaration;
- (c) establishment of capital replacement reserves; and
- (d) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Properties, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Properties, the procurement and maintenance of insurance related to those Common Properties, its recreational facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within The Properties and Other Lots or Other Residential Units in the other areas of The Currituck Club, within the category or form of ownership applicable to such property. There will be no difference between assessments as to Lots or Other Lots, except to the extent Limited Common Properties are located on a Lot(s) or Other Lot(s) within The Currituck Club (but outside The Properties), or between assessments as to Dwelling Units or Other Residential Units. In addition, the Owner(s) of some Dwelling Unit(s) may be subject to an assessment for the maintenance, improvement and replacement of any Limited Common Properties located on or adjacent to the Lot or Other Lot on which such Dwelling Unit or Other Residential Unit is located.

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

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

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

Commencing with the calendar year beginning January 1, 1998, on the first day of each year, the minimum and maximum regular annual assessments shall automatically be increased unless the Board, by unanimous decision, shall determine otherwise, by five percent (5%) per annum, compounded annually. In the alternative, the Board, by unanimous decision, may determine that the amount of the automatic five percent (5%) increase is inadequate and that the amount of the annual increase should be determined by multiplying the fee paid during the last year just ended by a fraction, the numerator of which shall be the Consumer Price Index for All Urban Consumers, All Items - All Cities (1982-84 100), hereafter called the "CPI-U," as determined by the United States Department of Labor for the first month of the current year for which the fee is being adjusted and the denominator of which shall be the index for the first month of the last year just ended. In the event that the CPI-U shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living. The Board may by unanimous decision, after consideration of current costs and future needs of the Association, fix the regular annual assessment for any year at an amount less than the applicable minimum regular annual assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full minimum regular annual assessment in subsequent years.

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

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

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

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

Section 8. Date of Commencement of Annual Assessments; Due Dates. The regular annual assessments provided for herein shall be paid (as determined by the Board) in quarterly, semiannual, or annual installments. The payment of the regular annual assessment by Owners shall commence as to each Lot, Dwelling Unit, Other Lot or Other Residential Unit, on the first day of the month following the conveyance of that property by the Declarant, but no earlier than January 1, 1996. The first regular annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment at least fifteen (15) days in advance of each regular annual assessment period. Written notice of the regular annual assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific assessment has been paid. Such properly executed certificate of the Association as to the status of the assessment is binding upon the Association as of the date of its issuance.

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

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

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

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

If the assessment(s) is not paid within thirty (30) days after the delinquency date, the assessment(s) shall bear interest from the date of delinquency at the rate of one and one half (1 1/2) percent per month and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot(s), Dwelling Unit(s), Other Lot(s) or Other Residential Unit(s), and there shall be added to the amount of such assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of the action.

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

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

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

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

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

ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE

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

Section 2. Assessment of Cost on Exterior Maintenance. The cost of any such maintenance shall be assessed against the Lot, Dwelling Unit, Other Lot or Other Residential Unit upon which such maintenance is done and shall be added to and become part of the regular annual assessment or charge to which such Lot, Dwelling Unit, Other Lot or Other Residential Unit is subject and, as part of such regular annual assessment or charge, it shall be a lien against any such Lot, Dwelling Unit, Other Lot or Other Residential Unit, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

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

- (a) to keep each Dwelling Unit or Other Residential Unit insured against loss by fire or other casualty, with extended coverage insurance, in an amount equal to at least ninety percent (90%) of the replacement cost of such Dwelling Unit or Other Residential Unit;
- (b) to name the Association as an additional insured "as its interest may appear," so that the Association shall be entitled to receive notice of cancellation of such insurance policy;
- (c) to build or restore such Dwelling Unit or Other Residential Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit or Other Residential Unit;
- (d) to keep the Dwelling Unit or Other Residential Unit in good repair as required by this Declaration or by the Bylaws; and
- (e) to maintain public liability coverage of at least One Hundred Thousand Dollars (\$100,000) on each Dwelling Unit, Lot, Other Lot or Other Residential Unit.

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

ARTICLE TEN: RECREATIONAL FACILITIES

The Declarant intends to construct one (1) swimming pool and two (2) tennis courts within the Common Properties (Recreational Facilities) constituting a portion of the Existing Property, as shown on a recorded plat of The Properties (the "Present Recreational Facilities"). These Present Recreational Facilities will be provided for the benefit of all Owners of Lots or Dwelling Units, Other Lots or Other Residential Units, their tenants and guests within the Existing Property and, at the sole option of Declarant, to other owners of Lots or Dwelling Units within other additions submitted to this Declaration, their tenants and guests, and shall be maintained, as part of the Common Properties out of assessments imposed on all Owners who have the right of access to and the use of the Present Recreational Facilities in accordance with the provisions of Article Eight. Owners of Lots in additions to the Existing Property may have the right, as and to the extent designated by the Declarant, to use the Present Recreational Facilities, provided they pay assessments for maintenance equal in amount to that paid by Owners of Lots or Dwelling Units within the Existing Property. Nevertheless, the Board shall have the right to form an affiliated association (the "Operator") which may be a separate corporation or a division of the Association and assign to it the responsibilities of maintenance and operation of the Present Recreational Facilities, and any other Recreational Facilities on a non-profit basis and upon such terms and conditions, not inconsistent herewith, as the Board may deem reasonably necessary. The Operator shall maintain and operate such portions of all Recreational Facilities as are designated to be maintained and operated by such Operator for the benefit of every Owner in good standing with the Association. The Association (by action of its Board) or the Operator, as the case may be, may charge dues and membership fees sufficient to defray operating costs and require that current payments be made in order for any Owner to enjoy the use of the present Recreational Facilities and any other Recreational Facilities. The Operator or the Board, as the case may be, may also permit use of any such Recreational Facilities by non-owners and non-residents of The Properties upon payment of required dues or membership fees, including without limitation an initiation fee. The Operator may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony and preservation of any such Recreational Facilities. The Association reserves the right to revoke an assignment made by it to an Operator and to assume the operation of any such Recreational Facilities, on a membership basis, and to impose special fees, charges or assessments against the Owners with respect thereto. The cost of the management, operation, maintenance, repair, servicing, replacement and renewal of the Recreational Facilities shall be deemed Common Expenses as to all Owners who have the right of access to and use of said Recreational Facilities.

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

ARTICLE ELEVEN: AMENDMENT TO DECLARATION

Section 1. Owner/Member Initiated. An amendment to this Declaration may be proposed upon a vote of a majority of the Owners (not a majority vote) whether meeting as Owners or by instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners, and there shall be called a Special Meeting of the Owners for a date not sooner than ten (10) days nor later than fifty (50) days from date

of notice. It shall be required that each Owner be given written notice of such Special Meeting, stating the time and place, and reciting the proposed amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, certified with return receipt requested, addressed to the Owner at his address as it appears on the records of the Association, the postage thereon prepaid. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the votes (with the votes being calculated as provided in Article Six, Section 2) of Owners (including the Declarant) entitled to vote in order for such amendment to become effective. At any meeting held to consider such amendment, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. In order for such amendment to be binding upon all the holders of mortgages or deeds of trust against any Lot, Dwelling Unit, Other Lot or Other Residential Unit, written consent must be obtained from the then existing (as of the date of the meeting of Owners which approved such amendment) holders of First Lien Mortgages or Deeds of Trust encumbering fifty-one percent (51%) of the Lots, Dwelling Units, Other Lots, or Other Residential Units in The Properties encumbered by First Lien Mortgages or Deeds of Trust. If such consent is so obtained, the amendment shall be binding on all the holders of mortgages or deeds of trust encumbering Lots or Dwelling Units in The Properties. If so approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association as having been duly adopted and approved by the requisite percentages of Owners and lenders. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Currituck County, and no such amendment to this Declaration shall be effective until so recorded. If any amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

There shall not be allowed any Owner/Member-initiated amendments to this Declaration for a period of five years from the effective date hereof, and in addition, no Owner/Member-initiated amendments may ever be made to Articles 13 or 14 without consent of the then-owner of the Currituck Club Golf Course, and no Owner/Member-initiated amendments may be made for any reason to Article Five, Sections 1, 4, and 2-1; Article Eight, Section 13; and Article Twelve. The above limitations shall in no way limit or diminish Declarant's rights to make amendments to any part of the Declaration under the powers reserved in Section 2 below.

Section 2. Declarant Initiated. Declarant, or its successor or assigns, shall be allowed to make minor (non-substantial) amendments to this Declaration, notwithstanding any other provision contained herein, and without joinder of any other party, for the purposes of correcting any discovered typographical error contained herein, clarifying any ambiguity contained herein, or adding or deleting any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of The Properties, and the Owners therein. This right may be exercised, and shall be effective only upon the recording of a "Corrected Declaration" in the Office of the Register of Deeds of Currituck County, which Corrected Declaration shall specifically reference this document, and the provision impacted.

ARTICLE TWELVE: BEACH ACCESS AND BEACH CLUB

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

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

Section 2. Beach Club. Declarant may seek an arrangement with Turnpike Properties, Inc., the owner and operator of the proposed Pine Island Beach Club or with another similar facility nearby, whereby Owners will have the privilege and option of becoming members of that Club or facility. In the event that such arrangement is put in place each Owner of a Lot, Dwelling Unit, Other Lot or Other Residential Unit who opts for membership in the Beach Club may use and enjoy the facilities of the Beach Club as the same may exist from time to time expressly subject to and contingent upon the continued compliance by such Owner with such bylaws, rules and regulations as the Beach Club may adopt from time to time, and the payment of the initiation fee and annual membership fees and other such fees occasioned solely by the use of the facilities of the Beach Club by such member, as may be imposed, in the amounts deemed reasonable by the Beach Club and applicable, generally, to the entire membership for any particular facility or service.

ARTICLE THIRTEEN: GOLF COURSE

Section 1. Risks. The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit acknowledges that owning property adjacent or in close proximity to a golf course involves certain risks which may have an effect on the use or enjoyment of such Lot, Dwelling Unit, Other Lot or Other Residential Unit. Each Owner acknowledges that such risks may include, for example, errant golf balls hit onto such property potentially causing bodily injury to persons or physical damage to property, and further including golfers entering onto such property to look for such errant golf balls. Each Owner hereby expressly assumes such risks and agrees that neither Declarant nor any other entity owning or managing the golf course shall be liable to any Owner or anyone claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise relating to the proximity of any Lot, Dwelling Unit, Other Lot or Other Residential Unit to the golf course; including, without limitation, any claim arising in whole or in part from the alleged negligence of Declarant or any other entity owning or managing

the golf course. The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit hereby agrees to indemnify and hold harmless Declarant or any other entity owning or managing the Golf Club against any and all claims by the Owner and his guests, invitees or licensees with respect to the above. Nothing in this paragraph shall restrict or limit any power of Declarant or any other entity owning or managing the Golf Club to change the design of the golf course, and such changes, if any, shall not nullify, restrict or impair the covenants and duties of any Owner herein.

Section 2. Easements. Every Lot, Dwelling Unit, Other Lot and Other Residential Unit is burdened with an easement permitting authorized golfers to do every act necessary and reasonably incident to the playing of golf on the golf course adjacent to the Lot, Dwelling Unit, Other Lot or Other Residential Unit, as well as an easement permitting golf balls to enter upon the Lot, Dwelling Unit, Other Lot or Other Residential Unit and for golfers at reasonable times and in a reasonable manner to enter upon the exterior portions of the Lot, Dwelling Unit, Other Lot or Other Residential Unit to retrieve errant golf balls; provided, however, if any Lot, Dwelling Unit, Other Lot or Other Residential Unit is fenced or walled as approved in accordance with this Declaration by the Association, the golfer shall seek the Owner's or occupant's permission before entry. Declarant shall use its best efforts to have the entity managing or operating the Golf Club to conspicuously denote all such property on any Lot, Dwelling Unit, Other Lot or Other Residential Unit as out of bounds. Every Owner of every Lot, Dwelling Unit, Other Lot or Other Residential Unit by acceptance of delivery of a deed to the Lot, Dwelling Unit, Other Lot or Other Residential Unit assumes all risks associated with errant golf balls, and each such Owner agrees and covenants not to make any claim or institute any action whatsoever against Declarant, the golf course designer, the Golf Club operator or any other party relating to the design and utilization of the golf course or to any errant golf ball, any damages caused thereby, or for negligent design of the golf course or the siting of the Lot, Dwelling Unit, Other Lot or Other Residential Unit.

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

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

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

ARTICLE FOURTEEN: CURRITUCK CLUB GOLF CLUB MEMBERSHIP

The Owner of each Lot, Dwelling Unit, Other Lot or Other Residential Unit in The Properties acknowledges that memberships entitling special use privileges at the Golf Club recreational facilities will be offered by the owner of the Golf Club in accordance with such terms and conditions as are established from time to time in the sole discretion of the owner of the Golf Club. The right to "Classic Membership," the only form of permanent membership in the Golf Club, is created with the purchase of a Lot, Dwelling Unit, Other Lot or Other Residential Unit in The Properties and passes to the new Owner in the event of transfer of title, subject to the limitations set forth below.

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

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

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

At such time as a Golf Club Classic Member should no longer own property at The Currituck Club, that Member will be required to surrender his Classic Membership. Should such Member wish to remain a member of the Golf Club,

he may do so as an Associate member to the extent that there are openings for Associate members at that time, with such rights, privileges and responsibilities as are accorded Associate members at the time.

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

ARTICLE FIFTEEN: CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE SIXTEEN: SEVERABILITY AND GOVERNING LAW

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

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

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

By: Charles J. Hayes, Jr. (SEAL)
Charles J. Hayes, Jr., Attorney-in-Fact
Boddie-Noell Enterprises, Inc.
DBA Kitty Hawk Land Company
Its General Partner

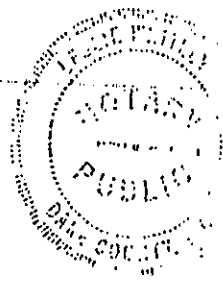
NORTH CAROLINA
DARE COUNTY

I, Leslie Whitley, a Notary Public for said County and State, do hereby certify that Charles J. Hayes, Jr., attorney in fact for BODDIE-NOELL ENTERPRISES, INC., successor by merger to BNE Land & Development Co., and d/b/a KITTY HAWK LAND COMPANY, a North Carolina corporation, personally appeared before me this day, and being by me duly sworn, says that he executed the foregoing and annexed instrument for and in behalf of the said Boddie-Noell Enterprises, Inc., and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the office of the Register of Deeds in the County of Dare, State of North Carolina, on the 19th day of July, 1993, in Book, 874, Page 612, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney.

I do further certify that the said CHARLES J. HAYES, JR., acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and in behalf of the said BODDIE-NOELL ENTERPRISES.

Witness my hand and official seal, this 27th day of February, 1996.

Leslie Whitley
Notary Public



My commission expires: 5/10/98

NORTH CAROLINA
DARE COUNTY

NORTH CAROLINA, CURRITUCK COUNTY

The foregoing certificate(s) of Leslie Whitley - Notary of
Dare Co., NC is (are) certified
to be correct. This instrument was presented for registration at 11:28 o'clock AM, on Feb. 28
1996, and recorded in Book 377, Page 281

Charlene Y. Dandy
Register of Deeds
By Natalie P. Swiddy
Deputy Register of Deeds