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**SECOND AMENDED CONSOLIDATED
MASTER DECLARATION AND DEVELOPMENT PLAN
FOR
SEA TRAIL PLANTATION
INCLUDING
COVENANTS, CONDITIONS AND RESTRICTIONS**

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THIS SECOND AMENDED CONSOLIDATED MASTER DECLARATION AND DEVELOPMENT PLAN FOR SEA TRAIL PLANTATION (herein sometimes called the "Protective Covenants" or the "Second Amended Declaration" or the "Amended Declaration") is made this 22nd day of November, 2006 by SEA TRAIL CORPORATION, a North Carolina corporation (herein called the "Declarant").

WITNESSETH

WHEREAS, the Declarant has previously recorded the Amended Consolidated Master Declaration and Development Plan Including Covenants, Conditions and Restrictions for Sea Trail Plantation dated December 29, 1989, recorded in Book 793, Page 82, Brunswick County Registry (herein, "First Amended Declaration"); and

WHEREAS, in accordance with Article X, Section 4 of the First Amended Declaration, the Declarant has the right to amend the First Amended Declaration; and

WHEREAS, the Declarant desires to amend, restate, replace and supersede the First Amended Declaration as provided herein; and

WHEREAS, Declarant, as the owner of the real property described in Exhibit A and Exhibit B, attached hereto and incorporated herein by reference, has established a general plan of development for the planned community known as Sea Trail Plantation. The Amended Declaration (as defined in Section 1.1) provides a flexible and reasonable procedure for Sea Trail Plantation's future expansion and provides for its overall development, administration, maintenance and preservation. An integral part of the development plan is the creation of the Sea Trail Plantation Master Association, Inc., an association comprised of all owners of real property in Sea Trail Plantation, to own, operate and/or maintain various common areas and community improvements and to administer and enforce the Amended Declaration and the other Governing Documents referenced in this Declaration; and

WHEREAS, all property described in Exhibit A and any additional property which is made a part of Sea Trail Plantation in the future, as provided in Article 8, shall be owned, conveyed and used subject to all of the provisions of the Amended Declaration and any applicable supplemental declaration, which shall run with the title to such property. The Amended Declaration and any applicable supplemental declaration, shall be binding upon all persons having any right, title, or interest in any portion of the Subdivision, their heirs, personal representatives, successors and assigns; and

WHEREAS, the Governing Documents apply to all Owners and occupants of property within the planned community, as well as to their respective tenants, guests and invitees. If a Dwelling Unit is leased, the lease shall provide that the tenant and all occupants of the leased Dwelling Unit are bound by and obligated to comply with the Governing Documents.

NOW, THEREFORE, in accordance with Article X, Section 4 of the First Amended Declaration, the Declarant hereby amends, restates, replaces and supersedes the First Amended Declaration with this Second Amended Consolidated Master Declaration and Development Plan for Sea Trail Plantation; and the Declarant declares that the Property subject to these Protective



Covenants shall be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, conditions, and easements hereinafter set forth.

ARTICLE 1 DEFINITIONS

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

1.1 "Amended Declaration": this Second Amended Consolidated Master Declaration and Development Plan for Sea Trail Plantation, which amends, replaces and supersedes the First Amended Declaration, and any other amendments and supplemental declarations for Sea Trail Plantation which may have heretofore been recorded or may hereafter be recorded.

1.2 "Articles of Incorporation" or "Articles": the Articles of Incorporation of Sea Trail Plantation Master Association, Inc., as filed with the North Carolina Secretary of State, and as may be amended from time to time.

1.3 "Association": Sea Trail Plantation Master Association, Inc., a North Carolina nonprofit corporation, its successors and assigns formed or to be formed by the Declarant as a property owners association for Owners (as defined in Section 1.25) in the Residential Community, all of whom shall be members of the Association.

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

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

1.6 "By-Laws": the By-Laws of Sea Trail Plantation Master Association, Inc., as they may be modified or amended from time to time.

1.7 "Class "B" Control Period": the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors as provided in Section 3.3.

1.8 "Commercial Property": shall mean any property located within Sea Trail Plantation that is devoted primarily to the carrying on of a Business or Trade.

1.9 "Committee": the Architectural Review Committee, as described in Article 10 herein.

1.10 "Common Area(s)" and/or "Common Element(s)": all real and personal property:

(a) Designated and shown on a plat that is recorded in the land records of Brunswick County, North Carolina; and/or,

(b) Owned or leased by the Association for the common use and enjoyment of the Members; and/or,

(c) Owned or leased by Declarant for the benefit of the Association; and such real property includes for example, but not by way of limitation, roads, driveways, walkways, any rights-of way reserved to the Association, drainage easements, open spaces both landscaped and natural, lakes, ponds, and lagoons.

1.11 "Common Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve and actual and estimated expenses of maintaining and operating the Common Areas, conservation and buffer areas, and landscaped areas within road right of ways, as the Board may find necessary and appropriate pursuant to these Protective Covenants the By-Laws, and the Articles of Incorporation, including the following:

(a) All sums lawfully assessed by the Association against its members;

(b) Expenses of administration, maintenance, repair or replacement of the Common Areas and the storm water system;

(c) Expenses declared to be Common Expenses by the provisions of these Protective Covenants or the By-Laws;

(d) Expenses agreed by the members to be Common Expenses of the Association;

(e) Any ad valorem taxes and public assessments levied against the Common Area; and

(f) Any expenses assessed against the Properties or payable by the Association pursuant to the Master Cross-Access Easement.

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

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

1.13 "Declarant": Sea Trail Corporation, a North Carolina corporation, together with such successors or assigns of Declarant, which successors or assigns should acquire more than



one undeveloped Unit from the Declarant for the purpose of development and are specifically assigned Declarant's rights hereunder.

1.14 "Design Guidelines": the architectural design guidelines and procedures set forth in Article 10 herein or adopted by the Architectural Review Committee pursuant to Article 10 and applicable to all Units within the Properties.

1.15 "Future Development Property": any portion of the real property described on Exhibit B attached hereto and incorporated herein by reference. The Future Development Property consists of the entire Sea Trail Plantation that has not been brought under the jurisdiction of the Amended Declaration. Portions of the Future Development Property may not be subject to these Protective Covenants and may be developed as the Sea Trail Commercial Property, in which case it will be subject to the Sea Trail Commercial Covenants and the Master Cross-Access Easement and Maintenance Agreement for Sea Trail described herein, or it may be developed in any other manner, or it may not be developed at all. Sea Trail Plantation and Sea Trail Commercial Property will be developed according to any applicable zoning classifications established by the Town of Sunset Beach.

1.16 "Governing Documents": consist of the following, as they may be amended or modified from time to time: the Amended Declaration, the Articles of Incorporation, the By-Laws, any Supplemental Declarations, the Design Guidelines, the Rules and Regulations, Board resolutions, and recorded plats of the Property.

1.17 "Individual Assessment": assessments levied in accordance with Section 9.6 of these Protective Covenants.

1.18 "Limited Common Area(s)" or "Limited Common Element(s)": portions of the Common Area which the Association or Declarant has designated for the common use and enjoyment of more than one, but less than all, of the Members (including, without limitation, Common Area intended to benefit a particular Village or Villages).

1.19 "Master Association Assessment": assessments levied on all Units subject to assessment under Article 9 to fund Common Expenses for the general benefit of all Units.

1.20 "Master Cross-Access Easement": that certain Master Cross-Access Easement and Maintenance Agreement for Sea Trail which may be recorded and which may encumber the Residential Community and the Commercial Property.

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

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

1.23 "Mortgagee": a beneficiary or holder of a Mortgage.

1.24 "Mortgagor": any Person who gives a Mortgage.



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

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

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

1.28 "Property" or "Properties" or "Real Property": the real property described in Exhibit A, which has been brought within the jurisdiction of the Association, together with any such additions thereto, including, without limitation, portions of the Future Development Property as may hereafter be brought within the jurisdiction of the Association by the filing of a Supplemental Declaration (but such additions shall not be brought within the jurisdiction of the Association or subject to the Amended Declaration unless such Supplemental Declaration is filed).

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

1.30 "Residential Community": the residential development created or to be created on the Property.

1.31 "Rules and Regulations": the rules and regulations adopted by the Board governing land use, individual conduct, uses or actions upon the Property, as they may be amended from time to time.

1.32 "Sea Trail": the development created or to be created on the Properties, together with any development on the Commercial Property.

1.33 "Service Assessment": assessments levied in accordance with Section 9.13 of these Protective Covenants.

1.34 "Special Assessment": assessments levied in accordance with Section 9.5 of these Protective Covenants.

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

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

platted lots, and single family residential lots, as well as vacant common property of any Village Association, or property dedicated to the public.

1.37 "Village": two or more Units which share interests other than those common to all Units, as more particularly described in Section 3.4. By way of illustration and not limitation, a condominium development, townhome development, patio home development, cluster home development, or single-family detached housing development might each be designated by the Declarant or the Association as separate Villages, or a Village may be comprised of more than one housing type with other features in common. A Village may also be referred to as a "Gate" or "Parcel" or "Neighborhood."

Where the context permits or requires, the term "Village" shall also refer to the Village Committee, if any, established in accordance with the By-Laws, or the Village Association established to act on behalf of the Owners of Units within the Village. Village boundaries may be established and modified as provided in Section 3.4.

1.38 "Village Assessments": assessments levied by the Association against the Units in particular Village or Villages to fund Village Expenses as described in Article 9.

1.39 "Village Association": any condominium association or other owners association having jurisdiction over any Village, as provided in Section 3.4.

1.40 "Village Declaration": a declaration created in compliance with the Planned Community Act (or the North Carolina Condominium Act [N.C.G.S. §47C-1-101 et seq.], as the case may be), the Governing Documents, and Section 3.4 herein encumbering and restricting a Village within the Residential Community.

1.41 "Village Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Owners and occupants of Units within a particular Village or Villages, which may include a reasonable reserve for capital repairs and replacements, as the Board may specifically authorize and as may be authorized herein or in Supplemental Declarations applicable to the Villages.

ARTICLE 2 PROPERTY RIGHTS

2.1 Rights of Owners. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, and for ingress and egress to and from the Common Area, which shall be appurtenant to and pass with the title to every Unit, subject to the following provisions:

- (a) The Governing Documents;
- (b) Any restrictions or limitations contained in any deed conveying any portion of the Common Area to the Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area and improvements thereon, including rules restricting use of the recreational



facilities within the Common Area to Owners and occupants of Units and their guests, and rules limiting the number of guests who may use the Common Area; and the right of the Board to establish penalties for any infractions thereof;

(d) The right of the Board to impose reasonable charges and fines for late payment of assessments; and after notice and a hearing, to suspend the voting rights and the right to use the Common Areas and the recreational facilities within the Common Area by an Owner (i) for any period during which any assessment or charge against such Owner's Unit has remained unpaid for more than thirty (30) days, and (ii) for a period not to exceed sixty (60) days for a single violation of the Governing Documents (other than a failure to pay any assessments or charges due), and (iii) for any period longer than thirty (30) days in the case of any continuing violation of the Governing Documents;

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 4.7;

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

(g) Easements as provided in Article 12.

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

ARTICLE 3 **ASSOCIATION FUNCTION, MEMBERSHIP, AND VOTING RIGHTS**

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

3.2 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of that membership. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner,



or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association, provided that only one person (and such person's immediate family members with respect to membership rights other than voting) may be designated to act in such capacity for such an Owner at any particular time.

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

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

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

During the Class "B" Control Period, the Class "B" Member shall be entitled to three (3) votes for each platted Unit and three (3) votes for each planned but currently unplatted Unit in the Residential Community. The total number of platted and planned but currently unplatted Units in the Residential Community is currently five thousand (5000), although the actual number of Units may be more or less, and the Class "B" Member makes no representation whatsoever regarding the actual number of Units to be included in the Residential Community. The Class "B" Control Period shall terminate and the Class "B" membership shall cease and be converted to Class "A" membership on the happening of the following events, whichever occurs earliest:

(i) When the Declarant owns less than twenty (20) Units in the Residential Community, regardless of whether said Units are platted or planned but currently unplatted, including any of the Future Development Property, regardless of whether said Future Development Property has been annexed thereto, as herein provided, or

(ii) On January 1, 2024, or

(iii) When, in its reasonable and sole discretion, Declarant so determines that termination of the Class "B" Control Period would be in the best interest of Sea Trail, the Association, and the Declarant, and upon Declarant's declaration of the same which shall be recorded in the Office of the Register of Deeds of Brunswick County.

(c) Exercise of Voting Rights. In any situation in which a Member is entitled personally to exercise the vote for his or her Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such Co-Owners determine among themselves and advise the Secretary of the Association in writing at least ten (10) business days



prior to any meeting. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

3.4 Villages and Village Associations. In order to allow a flexible mechanism for the orderly development of the Residential Community, the Declarant may (but shall have no obligation to) divide the Residential Community into distinct Villages to account for varying standards, restrictions, uses and maintenance issues within the development. The Villages which have previously been created as of the date of this Amended Declaration are described in Exhibit C, attached hereto and incorporated by reference.

In the event Declarant elects to form one or more Villages within the Residential Community, Declarant shall have the right, in its discretion to assign and/or allocated Limited Common Area responsibility to such Village. If any additional Villages are created, a Village Association shall be formed and a Village Declaration and/or a Supplemental Declaration shall be filed relative to such property (which Village Declaration shall be subject in all respects to these Governing Documents). The Village Declaration may, but need not, subject Units within a particular Village to covenants in addition to the covenants provided in this Amended Declaration. If a Village is or has been created, each owner of a Unit within such Village shall become a member of that Owner's respective Village Association in addition to being a Member of the Association. No Village Declaration shall be binding upon or applicable to any of the Properties unless approved in writing by Declarant (during the Class "B" Control Period) or the Association (upon the termination of the Class "B" period). The Articles of Incorporation and By-Laws of any Village Association shall require the prior written approval of the Declarant or the Association, as provided in the immediately preceding sentence.

Declarant shall also be entitled to initially assign any of the Properties to a specific Village by name. In order to insure that all Villages in the Residential Community will be consistent with the general or common scheme of development, the Declarant may unilaterally amend these Protective Covenants, by Supplemental Declaration, to designate and/or redesignate Village boundaries; provided, however, two (2) or more Villages shall not be combined without the consent of Owners of a majority of the Units in the affected Villages. The Articles of Incorporation and By-Laws of any Village Association shall require the prior written approval of the Declarant.

In the event that any Village is subject to additional covenants, restrictions, governing documents or policies which are more restrictive than this Amended Declaration, the more restrictive (as to the Village Owners) shall control. The Association may, but shall not be required to, enforce any neighborhood association covenants, restrictions or other policies applicable to any Village.

ARTICLE 4

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

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



attractive and sanitary condition consistent with these Protective Covenants and the Community-Wide Standard.

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

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

4.4 Enforcement. Subject to the provisions of the Planned Community Act, the Association may impose sanctions for violations of these Protective Covenants, the By-Laws, or Rules and Regulations, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Association may exercise self-help to cure violations, and upon notice and hearing as provided in the Planned Community Act, may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as an individual Assessment authorized by ARTICLE 9 of these Protective Covenants.

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

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

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



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

4.9 Powers of the Association Relating to Villages. The Association shall have the power to veto any action taken or contemplated to be taken by any Village Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any Village Association in connection with any of the Village Association's obligations and responsibilities. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Village Association, (b) require that a proposed budget include certain items and that specific expenditures be made, and (c) require the Village Association to ensure its members' compliance with all Governing Documents.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Village Association shall be taken within the reasonable time frame set by the Association in such written notice. If the Village Association fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Village Association.

To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units in such Village for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Section 9.6. Such assessments may be collected as an Individual Assessment hereunder and shall be subject to all lien rights provided for herein.

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

4.11 Assignment to Association. Declarant shall be entitled to assign all water, sewer, land use, stormwater system and utility permits, agreements and easements between Declarant and any governmental agency or department or public or private utility company to the Association, in which case the Association shall be required to assume same. After such an assignment, the Association shall be responsible for and assume all duties, obligations, and rights and privileges of the Declarant under such permits, agreements and easements, including all maintenance responsibility, even if part of the water, sewer, land use, storm water system or



utility areas covered by the permits, agreements and easements are not located within the Properties.

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

ARTICLE 5 MAINTENANCE

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

(a) All landscaping and other flora, parks, and signage for the Residential Community situated upon the Common Area; structures and improvements situated upon the Common Area, including any private streets and rights of way and islands within their streets and cul-de-sacs; bicycle and pedestrian pathways, and trails situated upon the Common Area; ponds, lakes, drainways, recreation pathways within or upon the Common Area; the entrance to the Residential Community; the two main entrances to Sea Trail from Highway 179 and from Georgetown Road (including 500 foot approaches to such main entrance plaza in both directions on or along Highway 179 and Georgetown Road) (provided that maintenance of such main entrance and adjacent areas may be shared by owners of the Commercial Property and/or other developments in the area, in which case the Association shall be responsible for its allotted share or portion of such maintenance); the right of way on the side of the approach to the entrance to the Residential Community running from the main entrances to Sea Trail from Highway 179 and from Georgetown Road to the entrance to the Residential Community; any other areas designated as Common Area or Limited Common Area by Declarant, excepting any real or personal property for which a Village Association or some entity other than the Association has expressly assumed responsibility;

(b) All pools, tennis courts, clubhouses and other amenities constituting a portion of the Common Area, excepting any real or personal property for which a Village Association or some other entity has expressly assumed responsibility;

(c) Common Area or Limited Common Area within any Village which may be repaired or maintained by the Association in the Association's sole discretion either by agreement with the Village or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as an Individual Assessment only against the Units within the Village to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class. The Association also has the authority to take appropriate legal action to require the responsible Village to comply with the provisions of these Protective Covenants, the Articles, By-Laws and Rules and Regulations adopted hereunder; and

(d) Any other Common Area designated by the Board or the Declarant from time to time in a Supplemental Declaration or on a recorded plat.

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

5.3 Maintenance of Units. Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Community-Wide Standard and these Governing Documents, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Village pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. If, in the opinion of the Association, any Owner shall fail to maintain any Unit owned by him in a manner which is reasonably neat and orderly and as is required by Article 11 herein or shall fail to keep improvements constructed thereon in a state of repair so as not to be unsightly, all in the sole opinion of the Association, the Association in its discretion, by the affirmative vote of a majority of the members of the Board of Directors, and following ten (10) days written notice to Owner, may enter upon and make or cause to be made repairs to such improvements and perform such maintenance on the Unit as the removal of trash, cutting of grass, pruning of shrubbery, weeding and items of erosion control. The Association shall have an easement for the purpose of accomplishing the foregoing, as provided in Article 12. The reasonable cost incurred by the Association in rendering all such services, plus a service charge of fifteen percent (15%) of such cost, shall be added to and become an Individual Assessment to which such Unit is subject as provided in Article 9 herein.

5.4 Village's Responsibility.

(a) Upon Board resolution, the Owners of Units within each Village shall be responsible for paying, through assessments levied by the Village Association or the Association (as the case may be), the costs of operating, maintaining and insuring certain Limited Common Areas within or adjacent to such Village.

(b) Any Village Association having any responsibility for exterior maintenance of property and/or landscaping within such Village shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If it fails to do so, the



Association may, but is not required to, perform such responsibilities and assess the costs against all Units within such Village as provided in Section 9.6.

(c) Upon Board resolution, any Village may provide lawn maintenance to and for areas outside a Village boundary, pursuant to contract between the Village and the respective area's Owner.

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

ARTICLE 6 **INSURANCE AND CASUALTY LOSSES**

6.1 Required Coverage. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as are reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(b) Commercial general liability insurance on the Common Areas, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, if additional coverage and higher limits are available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment, but not less than an amount equal to a minimum of one-quarter of the annual Master Association Assessments on all Lots and Dwelling Units, plus one-quarter of the reserves



on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(f) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

6.2 Premiums. Premiums for all insurance on the Common Areas shall be Common Expenses, except that (i) premiums for property insurance on Dwelling Units within a Gate or Parcel shall be an expense of the benefited Dwelling Units only; and (ii) premiums for insurance on Limited Common Areas shall be expenses of the Lots or Dwelling Units to which such Limited Common Areas are assigned, unless the Board reasonably determines that other treatment of the premiums is more appropriate.

6.3 Policy Requirements. All insurance coverage obtained by the Board shall comply with the following requirements, unless the Board, in the exercise of its fiduciary responsibility, determines that a particular requirement should be waived:

(a) The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

(b) The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 6.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Village Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as an Individual Assessment.

(c) Policies shall be written with a company that carries a Best's rating of "A+" with at least a ten (10) financial rating.

(d) Policies shall be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Village shall be for the benefit of the Owners within the Village and their Mortgagees, as their interests may appear;

(e) Policies shall not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(f) Policies shall include an agreed amount endorsement, if the policy contains a co-insurance clause;

(g) Policies shall provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a



Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(h) Policies shall provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(i) Policies shall include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(j) Policies shall include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

(k) The Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insurance and provide: (i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests; (ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash; (iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause; (iv) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal; (v) a cross liability provision; and (vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

6.4 Restoring damaged improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

(a) Damaged improvements on the Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

(b) If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.



(c) Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

(d) If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 9.5.

ARTICLE 7

SUBDIVISION

7.1 Subdivision of Unit. No Unit or Units shall be subdivided except to enlarge an adjoining Unit, but any Unit so enlarged cannot be improved with more than one single family dwelling. An Owner of a Unit and a portion or all of an adjoining or contiguous Unit or Units may construct a dwelling or other structure permitted hereunder upon and across the dividing line of such adjoining and contiguous Unit(s). Even if Units are combined, the number of Units shall remain the same and shall be treated for all purposes under these Protective Covenants as the original number of Units, so that the property must conform to the covenants created by these Protective Covenants, in the same way that these Protective Covenants initially attached to the Units).

ARTICLE 8

ANNEXATION AND WITHDRAWAL OF PROPERTY

8.1 Annexation without Approval of Membership.

(a) Until January 1, 2024, Declarant may subject any portion(s) or all of the Future Development Property to the provisions of these Protective Covenants as provided in this Section 8.1. Declarant may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the Property. Nothing in these Protective Covenants shall be construed to require the Declarant or any successor to annex or develop any of the Future Development Property in any manner whatsoever.

(b) An annexation by Declarant under Section 8.1(a) shall be accomplished by filing a Supplemental Declaration in the land records of Brunswick County, North Carolina, describing the property to be annexed and specifically subjecting it to the terms of these Protective Covenants. Such Supplemental Declaration shall not require the consent of any Members other than Declarant, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

8.2 Annexation by Membership. Except as provided in Section 8.1 herein, annexation of additional property shall require the assent of two-thirds ($\frac{2}{3}$) of the Class "A" Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.



During the Class "B" Control Period, annexation of additional property under this Section 8.2 shall also require the consent of Declarant.

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

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

8.5 Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any of the property described on Exhibit A or Exhibit B.

ARTICLE 9 ASSESSMENTS

9.1 Creation of Assessments.

(a) The Association is hereby authorized to levy assessments against each Unit for Common Expenses and Association expenses as the Board may specifically authorize from time to time. There shall be five types of assessments for Association expenses: (1) Master Association Assessments to fund Common Expenses for the general benefit of all Units within the Properties; (2) Village Assessments for Village Expenses benefiting only Units within a particular Village or Villages (to the extent these are assessed by the Association as opposed to the applicable Village Association); (3) Special Assessments as described in Section 9.5; (4) Individual Assessments as described in Section 9.6; (5) Working Capital Assessments as described in Section 9.7; and (6) Service Assessments as described in Section 9.13. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

(b) All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by North Carolina law), late charges, costs, and reasonable attorney's fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 9.9. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, as more particularly provided in Section 9.9.



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

9.2 Declarant's Obligation for Assessments. During the Class "B" Control Period, Declarant may annually elect either to pay regular assessments on its unsold Units, or to pay the difference between the amount of assessments collected on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year, or pay one-half (½) of the assessments for an unimproved Unit for all Units which are platted of record in the Office of the Register of Deeds of Brunswick County but which have not yet been sold to a Person other than Declarant or an authorized builder. Unless the Declarant otherwise notifies the Board in writing at least 45 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. The Declarant's obligation hereunder may be satisfied in the form of cash or by "in kind" contribution of services or materials, or by a combination of these.

9.3 Computation of Master Association Assessment; Budget.

(a) At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare and distribute a budget covering the estimated Common Expenses for the coming year (including, without limitation, any contributions to be made to any capital reserve funds). The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against Units, and the amount to be generated through the levy of all applicable assessments against Units, as authorized in this Amended Declaration.

(b) The Master Association Assessment shall be levied at a uniform rate against all Units and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Units subject to assessment on the first day of the fiscal year for which the budget is prepared and the number of Units reasonably anticipated to become subject to assessment during the fiscal year. This Section 9.3 shall apply to the determination of all Master Association Assessments for fiscal years beginning after the date of the recording of this Declaration.

(c) The Board shall send a summary of the final budget, together with a notice of the amount of the Master Association Assessments to be levied pursuant to such budget, to each Owner within thirty (30) days after the Board adopts such budget. With such summary, the Board shall provide to each Owner a written notice of the meeting of the Members at which the Member's ratification of the budget will be considered. Such notice shall include a statement that the budget may be ratified at such meeting without a quorum. The meeting of the Members to consider ratification of the budget shall be held not less than ten (10) nor more than sixty (60) days after the mailing of the summary and notice referenced in this paragraph. Notwithstanding any other provisions of the Governing Documents, there shall be no requirement that a quorum



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be present at such meeting. Notwithstanding any other provision of the Governing Documents, the proposed budget shall automatically be deemed ratified and become effective unless disapproved at such meeting by: (i) Members representing at least seventy-five percent of the total Class "A" votes in the Association and (ii) the Class "B" member, if such member exists. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

(d) The Board may revise the budget and adjust the assessments from time to time during the year, subject to the notice requirements and the right of Members to disapprove the revised budget as set forth above.

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

9.5 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover capital improvements or unbudgeted expenses (including, without limitation, expenses required to complete repair, maintenance and/or clean-up which the Board deems necessary or advisable after a storm, hurricane or other casualty event) or other expenses in excess of those budgeted. The Board may establish the amount of the Special Assessment if it is ONE HUNDRED DOLLARS (\$100.00) or less in any assessment year for each Member. All other Special Assessments shall require the affirmative vote of fifty-one percent (51%) of Members present and voting in person or by proxy who will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.6 Individual Assessments.

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

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

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



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

(b) The Association may also levy an Individual Assessment against any Village to reimburse the Association for costs incurred in bringing the Village into compliance with the provisions of the Governing Documents, provided the Board gives the board of directors from such Village prior written notice and an opportunity to be heard before levying any such assessment.

9.7 Working Capital Assessment. Upon the conveyance of title to any Unit, the acquiring Owner shall contribute to the Association as working capital an amount equal to one year's general assessment. Such funds shall be used for operating and capital expenses of the Association, such as prepaid insurance, supplies, furnishings and equipment, etc. Amounts paid into the working capital fund are not to be considered advance payment of regular assessments. All working capital funds shall become part of the general operating funds of the Association.

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

9.9 Lien for Assessments.

(a) All assessments authorized in this Article, together with any fees, charges, interest, fines, late charges, costs of collection, and expenses, including reasonable attorney's fees (as permitted by law) shall constitute a charge on and a continuing lien upon the Unit against which they are levied, which lien shall be superior to all other liens and encumbrances on the Unit, except the liens of all ad valorem taxes or assessments, and any other liens which by law would be superior. Such lien shall become effective when a notice thereof ("Claim of Lien") is filed of record in the Office of the Clerk of Superior Court of Brunswick County, provided that such Claim of Lien shall not be filed until such sums assessed remain unpaid for a period of more than thirty (30) days after the same shall become due.

(b) In the event of any transfer of title to a Unit, the lien of the assessments shall not be extinguished, nor shall the Unit be relieved from the lien of any subsequent assessments. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage, or any individual obtaining title by or through a foreclosure, shall be personally liable for unpaid assessments which accrued prior to such acquisition of title.



9.10 Default in Payment of Assessments; Remedies of the Association.

(a) Any assessments or portions thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the due date at a rate set by the Board of Directors, not to exceed the maximum legal rate allowed in the State of North Carolina per annum, together with all expenses, including reasonable attorney's fees (if permitted by law), incurred by the Board in any proceeding brought to collect such unpaid Assessments; and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors.

(b) The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of Brunswick County and/or file a suit to collect such delinquent assessments and charges. The Association may also file Notice of Lis Pendens, bring an action of law against the Owner personally obligated to pay the same, bring an action to foreclose the lien against the property, and/or utilize any other remedy provided under North Carolina law. In any event, all interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein. The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. A judgment, decree, or order in any action brought under this ARTICLE 9 shall include costs and reasonable attorney's fees for the prevailing party, subject to the limitations of N.C.G.S. §47F-3-116.

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

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

- (a) All Common Area or Limited Common Area;
- (b) Any property dedicated to and accepted by any governmental authority or public utility;
- (c) Any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment hereunder (in which case the Unit and Unit Owner shall not be exempted from assessment);
- (d) Any Unit which is not approved by any governmental agency for residential use; and
- (e) Any Unit or property owned of record by the Declarant, its successors or assigns, except as otherwise provided in Section 9.2.



(f) Any Future Development Property which has not been brought within the jurisdiction of the Association by the filing of a Supplemental Declaration.

9.13 Service Assessments. The Board shall have the power to levy Service Assessments against a particular Unit or Units constituting less than all Units (and/or against a particular Village or Villages constituting less than all Villages) within the Properties to cover the costs, including overhead and administrative costs, of providing specialized maintenance and/or landscaping services to such Units and/or Villages and the occupants thereof. Such assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner. Notwithstanding the foregoing to the contrary, the fact that the Association levies a Service Assessment shall not be deemed to impose any obligation upon the Association to (i) monitor the quality of work or services being provided, (ii) assume any responsibility for the quality of work or services provided, (iii) ensure the structural integrity or soundness of any construction or modifications provided or (iv) ensure compliance with building codes and other governmental requirements relating to the work or services provided.

9.14 Surplus Funds. Notwithstanding the provisions of N.C. Gen. Stat § 47F-3-114, any excess of Association income over Common Expenses (as defined in Section 1.11 herein and which shall include reasonable reserves) shall be applied to reserves or other future expenses as the Board deems appropriate.

ARTICLE 10

DESIGN GUIDELINES

10.1 General.

(a) No structures or buildings shall be erected or maintained; no improvements or construction, which terms shall include within their definitions: clearing, grading, excavation, landscaping and other site work, shall be commenced, erected, or maintained upon any Unit or the Properties; nor shall any exterior addition to or change or alteration therein (including, without limitation, any change of color) be made, except in compliance with this Article and the Design Guidelines. Without limiting the generality of the foregoing, no work described in the immediately preceding sentence shall commence until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing by the Committee according to the provisions of Article 10. With regard to the provisions of this Article 10, the terms "structures," "buildings" and "improvements" shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, tree house, playhouse, sign, flag pole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well utility facility, mailbox, patio, deck, screening for outdoor trash cans or other purposes, sprinkler system, driveway, outdoor decorative objects, shrubbery or landscaping.

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



(c) This Article 10 shall not apply to the activities of the Declarant, nor to alterations or improvements to the Common Area by or on behalf of the Association.

(d) This Article 10 may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to these Protective Covenants or subject to annexation to these Protective Covenants.

10.2 Architectural Review.

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

(b) Architectural Review Committee (herein "Committee"). The Committee shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all structures, building, improvements, and/or construction on any portion of the Properties. During the Class "B" Control Period, the Declarant retains the right to appoint all members of the Committee, who shall serve at the Declarant's discretion. Upon the expiration of such period, the Declarant shall retain the option to appoint all members of the Committee, who shall serve at the Declarant's discretion. In the event that the Declarant should not exercise its option to appoint members of the Committee, the Board shall then appoint the members of the Committee, who shall serve and may be removed in either the Board's or the Declarant's discretion. Even if Declarant should not exercise its option to appoint members of the Committee, Declarant has not waived the right to appoint members in the future or to remove members, whether appointed by Declarant or the Committee.

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

10.4 Submission of Plans and Specifications.

(a) No construction or improvements, as defined in Section 10.1(a), shall be commenced, erected, placed or maintained on any Unit, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage,



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lighting, irrigation, utility facilities layout, screening and any other supporting documents, as they may be requested by the Committee, shall have been submitted to and approved in writing by the Committee. The Design Guidelines shall set forth the procedure for submission of the Plans. A reasonable fee for the review of said plans shall be required and submitted, along with said Plans and any other supporting documents required by Committee. The Board may require a deposit to be posted prior to the commencement of any construction or work, which sum shall be used to collect any fees, fines or penalties incurred during construction or work. Any such sums remaining at the completion of construction shall be returned to the Owner.

(b) In reviewing each submission, the Committee may consider (but is not required to consider or limited to consideration of) the following: visual aesthetics, natural platforms and finish grade elevations, the suitability of the proposed building, improvements, structure, or landscaping and the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony of external design with surrounding structures and environment, the location in relation to surrounding structures and plant life, and the effect thereof on the adjacent or neighboring property. The Committee may require relocation of native plants within the construction site as a condition of approval of any submission. Location of any driveways shall be subject to the approval of the Committee.

(c) The Committee shall have the right to refuse to approve any plans and specifications or grading plans which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons.

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

(e) The Committee shall, within thirty (30) days after receipt of each submission of the Plans, advise the party submitting the same in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with these Protective Covenants and/or the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have given at the time of delivery.

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

(g) Once construction has been initiated on a Unit, the Owner thereof must complete such construction within nine (9) months. If an Owner does not comply with such schedule, then Declarant, the Board and the Association shall each have the right (but not the



obligation) to complete such construction on Owner's behalf and at such Owner's expense. In the event the Declarant, the Board or the Association exercises the right provided in the immediately preceding sentence, then Declarant, the Board and/or the Association (as the case may be) shall be entitled to collect from such Owner, in addition to a reimbursement of all costs expended in the completion of construction of the Unit, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in completing the work. Any and all of the foregoing costs and fees that may be incurred by or payable to Declarant, the Board and/or the Association shall be a charge and continuing lien upon such Unit until paid, and Declarant, the Board and/or the Association may bring an action against such Owner, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount payable to Declarant, the Board and/or the Association.

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

10.6 Variance. The Committee may authorize in its discretion reasonable variances or adjustments from compliance with any of its guidelines and procedures in order to alleviate practical difficulties and hardship in their enforcement and operation. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; or (b) prevent the Committee from denying a variance in other different or even identical circumstances. Any such variances shall not violate the spirit or the intent of this document to create a subdivision of Units owned in fee by various persons with each such Owner having an easement upon areas owned by the Association.

10.7 Limitation of Liability. The Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, nor the Committee, shall be held liable for any injury, damages, or loss arising out of the review and approval of any application, including, but not limited to, the grant or denial of a variance, the manner or quality of construction, defects in any plans or specifications, or deficiencies in kind or quality of materials used, or for compliance or non-compliance with building codes and other governmental requirements.

10.8 Enforcement.

(a) Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, then Declarant and the Association shall each



have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Unit's Owner and the Unit and collected as an Individual Assessment. In the event the Declarant, the Board and/or the Association exercises any right provided hereto in this Section 10.8(a), then Declarant, the Board and/or the Association (as the case may be) shall be entitled to collect from the relevant Owner, in addition to a reimbursement of all costs expended in the removal of the violation and/or the restoration of the property, an administrative fee for such work, which fee shall be equal to twenty percent (20%) of the costs incurred by such party in performing the work.

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

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

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

ARTICLE 11

USE GUIDELINES AND RESTRICTIONS

11.1 Plan of Development; Applicability; Effect.

(a) Declarant has created the Residential Community as a residential and recreational development and, in furtherance of its and every other Owner's interest, has established a general plan of development for the Residential Community. Accordingly, the Properties are subject to affirmative and negative covenants, easements, and restrictions governing land use, individual conduct, and uses of or actions upon the Properties as provided in this Article 11 (the "Use Guidelines and Restrictions").

(b) All provisions of these Protective Covenants and of any Association rules shall also apply to all occupants, lessees, guests and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of these Protective Covenants, the By-Laws, and the rules of the Association; provided, however, that the lack of such a provision shall not waive these Protective Covenants, the By-Laws, and the rules of the Association in any way.

11.2 **Rules and Regulations.** Subject to the terms of this Article 11, the Board may implement and manage the Use Guidelines and Restrictions through the adoption and enforcement of the Rules and Regulations which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions.

11.3 Owners' Acknowledgment.

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

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

11.4 Limits on Rules. Except as may be specifically set forth in Section 11.5 herein, no Rule or Regulation adopted by the Board shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that, in the Association's reasonable judgment, create monetary costs for the Association or other Owners, that create a danger to the health or safety of other Units or their occupants, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that significantly block the normal views from other Units, that create an unreasonable source of annoyance, or that create a nuisance.

11.5 Use Guidelines and Restrictions.

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

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

(c) Placement of Outdoor Clothes Drying Structure. No outdoor clothes poles, clothes lines or similar equipment shall be placed on any Unit unless it is screened so that it is not visible from any street, recreational area or adjoining property.



(d) Offensive and Illegal Activities. No immoral, improper, illegal, noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereof tending to cause embarrassment, discomfort, annoyance or nuisance to the Association, the Declarant or any Owners. There shall not be maintained any plants or animals, odors, fumes, or devices or anything of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other Properties by the Owners thereof. All laws, orders, rules, regulations, ordinances or requirements of any government agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by or at the sole expense of the Owner or the Association, whichever shall have the obligation and/or right to maintain or repair such portion of the Property.

(e) Parking. Parking of vehicles on any street in the Properties shall be allowed only in accordance with the policy determined by the Board of Directors. No truck nor other vehicle in excess of a one half (1/2) ton load capacity, boat, vessel, motorboat, camper, trailer, motor or mobile home, or similar type vehicle or apparatus shall be parked or kept overnight or longer, on any street or on any Unit unless it is stored in an enclosed garage and in such a manner as to not be visible to the Owners of other Units or the users of a street or recreation area. All tools or other materials stored in vehicles for overnight parking shall be kept out of sight. No vehicle or equipment which is unsightly in appearance as determined by the Board of Directors shall be allowed on the Property

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

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

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



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Notwithstanding anything to the contrary, in the foregoing paragraph, to the extent permitted by law, rules may regulate the time, place and manner of posting such signs (including design criteria). With regard to the regulation of political signs, the Master Association, pursuant to both the rule-making authority established herein and the provisions of the North Carolina Planned Community Act, may (1) prohibit the display of political signs earlier than forty-five (45) days before the day of an election and later than seven (7) days after an election day, and/or (ii) regulate the size and number of political signs that may be placed on a Unit (but only to the extent the Master Association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property). If the local government in which a Unit is located does not regulate the size and number of political signs on residential property, the Master Association shall permit at least one (1) political sign with the maximum dimensions of 24 inches by 24 inches on a Unit. For the purposes of this paragraph, a "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. The provisions of this paragraph shall apply to Owners of property who display political signs on property owned exclusively by them and does not apply to Common Area, easements, rights-of-way, or other areas owned by others.

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

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

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

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

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



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

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

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

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

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

(p) Removal of Vegetation. No tree having a circumference of over nineteen (19) inches in diameter (measured at twenty-four [24] inches above the land) shall be removed from any lot or parcel without the prior written consent of the Association. Notwithstanding the foregoing, no dogwood or flowering shrub or bush shall be removed unless in compliance with the Guidelines.

(q) Mailboxes. All mailboxes and other such receptacles must be approved in advance by the Committee. Any boxes provided by the Declarant on a Unit shall be considered an improvement and must remain with the Unit and must be maintained by the Unit Owner. Boxes and/or posts damaged shall be repaired to an attractive condition or replaced by the Unit Owner within thirty (30) days of loss or damage.

(r) Outdoor Objects and Flags. No outdoor statuary, flags, or other decorative objects may be placed on any Unit unless it is in compliance with the Governing Documents.



Notwithstanding any other provision herein, the American Flag and/or the flag of the State of North Carolina having the maximum dimensions of four feet by six feet (4 feet x 6 feet) may be displayed on an Owner's own Unit. Any flags will be displayed in accordance with traditional rules and patriotic customs set forth in 4 U.S.C. §§5-10, as amended, governing the display and use of the American Flag.

(s) Use of Boats. The use of boats upon the waters of the Residential Community shall be subject to reasonable rules and regulations that may be promulgated by the Board from time to time.

(t) Use of Common Areas. The Common Areas shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Units, subject to any Rules or Regulations that may be adopted by the Association hereunder or pursuant to its By-Laws. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Area except at the direction of and with the express written consent of the Committee.

(u) Storage of Personal Property. All lawn mowers, bicycles, toys, grills and other similar objects must be stored when not in use so as not to be visible by the Owners of other Units or the users of any street or recreation area or Common Area. All trash receptacles and garbage cans shall be screened so as not to be visible by the Owners of other Units or the users of any street or recreation area, except on the specific day of trash pickup. All such screening shall be subject to approval by the Committee. No fuel tanks or similar storage receptacles may be exposed to view. The placement of any such receptacles may be approved by the Committee or Declarant and may only be located within the main dwelling house, within an accessory building, within a screened area, or buried underground.

(v) Exterior Features and Structures. All exterior storage areas, laundry facilities, utility areas and service yards or areas are to be screened from view from streets and adjacent properties by an enclosure, fence, wall or natural landscape materials.

(w) Road Use. The roads are to be used by vehicles or pedestrians for the purposes of transportation. The use of any roads within Sea Trail shall be subject to all applicable governmental rules, as well as any restrictions in the Governing Documents. No permanent, frequent, or long-term parking is permitted along or on major roads and promenades except in specifically designated areas. Any parking is also subject to those rules in Section 11.5(e). The Association is entitled to adopt reasonable rules and regulations regarding the supervision, maintenance, control, regulation and use of the roads and promenades, and to enforce the same in any lawful manner which may include, but not be limited to, the imposition of fines for violations thereof, which fines shall be Individual Assessments and may be enforced in accordance with the provisions of Article 9.

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



(y) Storage of Boats, Motor Homes and Travel Trailers. No boat, motor home or travel trailer shall be stored longer than forty-eight (48) hours on any lot or parcel unless it is stored within a garage or carport. Should this requirement become burdensome, the Association may grant limited relief for a specific time period if it deems such relief to be reasonable and expedient in the circumstances.

(z) Recreational Pathways. Recreational pathways within the Residential Community may be used only by bikes, pedestrians, and pedestrian moving devices which are quiet and otherwise satisfy the requirements of this section. "Pedestrian moving devices" used within the Residential Community shall not exceed the size of a standard golf cart or touring cart used by the Declarant or its assigns, if used on any wooden pathways, including, but not limited to, boardwalks, bridges, ramps, decks or the like. Persons using pedestrian moving devices upon wooden structures within the Residential Community do so at their own risk; Declarant makes no representation of the weight limitations of any such wooden structure and assumes no liability for the operation of any vehicle or device upon such structures.

(aa) Exterior Maintenance of Buildings. The exterior portion of all buildings or structures located on any Lot or Parcel, together with any landscaping and Common Areas associated therewith, shall be maintained in a sightly condition. Upon a determination that a nonconforming situation exists, the Association shall notify the Owner having specific responsibility for the nonconforming condition and the action necessary to correct the nonconforming condition. The Owner shall correct the nonconforming condition within 15 days of receipt of such notice.

11.6 Stormwater Run Off Rules. All Units are subject to the State of North Carolina rules and regulations concerning stormwater runoff as these rules and regulations may be amended from time to time. All Units shall be subject to that certain Supplemental Declaration to the Amended Consolidated Master Declaration and Development Plan for Sea Trail Plantation, as recorded in Book 1941, Page 764 of the Brunswick County Registry, as the same may be amended from time to time, which is incorporated herein by reference. Without limiting the foregoing, Declarant or its designees including the Architectural Review Committee, reserves the right to impose additional restrictions upon the Property as to the extent required by the terms of the stormwater permit for Sea Trail issued by the State of North Carolina. Such additional restrictions may be imposed by Declarant by the recording of an amendment to this Second Amended Declaration or a supplemental declaration, and no joinder or consent of the Association or any other Owner, Mortgagee or Person shall be required on such amendment or supplemental declaration.

11.7 Removal of Nonconforming Condition. Any use, condition, structure or improvement placed, allowed to exist or made of or upon any Lot or Dwelling Unit in violation of this Article 11 shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, the Owner responsible for said nonconforming condition or the owners' association to which the Owner belongs shall, at its own cost and expense, correct such nonconforming use, structure or improvement in accordance with the instructions of the Board or the Declarant. Should an Owner fail to act as required, the Board, the Declarant, or its designees shall have the right to enter the property and correct the nonconforming condition. All costs, together with the interest at

the maximum rate then allowed by law, may be assessed against the Owner of the Lot or Dwelling Unit and collected as an Individual Assessment as provided in Article 9 of this Declaration.

ARTICLE 12 EASEMENTS

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

12.2 Easement for Utility Installation.

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

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



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

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

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

12.4 Easements for Cross-Drainage.

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

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

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

12.6 Easement for Entry. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article 5 hereof, and to inspect for the purpose of ensuring compliance with the Governing Documents which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any single family

detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

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

12.8 Easement for Irrigation.

(a) There is hereby reserved for the benefit of the Declarant, the Association, and their successors and assigns, a permanent exclusive easement and right to: (i) pump water from the lakes, ponds, waterways, basins, water table, wells, water dependant structures and other bodies of water located in, on or under the Properties for the purpose of irrigating any portion of the Properties; and (ii) to drill, install, locate, maintain and use wells, pumping stations, water towers, filtration basins and tanks and related water facilities and systems within the Common Areas and/or lands within the Properties owned by the Declarant. The pumping or other removal of any water from any lake, pond, or body of water wholly or partly within the Properties, for any purpose other than fire fighting and as provided herein is prohibited without express written permission of the Declarant and/or the Association.

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

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

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

and Regulations. Declarant also hereby reserves, for the benefit of owners of portions of the Commercial Property and their respective employees, clients, licensees and invitees, a non-exclusive easement for the use and enjoyment of bicycle paths, pedestrian paths, or nature preserve trails, if any, which may be established by the Declarant upon the Properties, provided that such easement shall only be applicable during daylight hours from dawn to dusk.

12.11 Common Area Easement.

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

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

12.12 Easement for Golf Courses.

(a) Each Unit all Common Areas, which are located adjacent to any of the golf courses currently located within the Property (the "Golf Courses"), are burdened with an easement, permitting golf balls unintentionally to come upon such property or for golfers at reasonable times and in a reasonable manner to come upon the property to retrieve errant golf balls (the "Golf Course Easement"); provided, however, this provision shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Association or its Members; the Golf Course owner and/or operator and its successors.

(b) The Declarant and any operator of the Golf Course, and their respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course.

(c) The Declarant and the operator of any Golf Course, and their respective agents, successors, assigns, guests, vendors, invitees, licensees, employees, shall have a perpetual easement and right of ingress and egress over and across any of the roads in the Property, for the purpose of providing the right of ingress and egress, for pedestrian and vehicular travel, to and from said Golf Courses.

(d) The Declarant reserves, for itself and any operator of any Golf Course, its successors, assigns, guests, invitees, licensees, employees and agents a perpetual easement and right of ingress and egress over and across all areas designated as golf course cart paths and shown on any recorded plat of the Properties. The construction, maintenance and repair



of said golf course cart paths shall be the responsibility of the Declarant and/or any operator of any Golf Course, and its successors and assigns.

(e) The Declarant reserves, for itself and any operator of any Golf Course, its successors and assigns, a perpetual easement within any of the road rights of way within Sea Trail, for the establishment, repair and maintenance of directional signs relating to said Golf Courses and shall be responsible for the cost and expenses relating to the exercise of said easement.

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

ARTICLE 13 MORTGAGEE PROVISIONS

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

13.2 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response within thirty (30) days of the mailing of such request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE 14 DECLARANT'S RIGHTS

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

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



and any facilities therein. The Declarant and authorized builders shall have easements for access to and use of such facilities.

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

ARTICLE 15 DURATION, AMENDMENT, AND TERMINATION

15.1 Units, Persons and Entities Subject to the Protective Covenants. All present and future Owners, tenants, and occupants of Units and their guests or invitees, licensees, employees or agents, shall be subject to, and shall comply with the covenants, conditions, restrictions and affirmative obligations set forth in these Protective Covenants, and as the Protective Covenants may be amended from time to time. The Acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of these Protective Covenants are accepted and ratified by such Owner, tenant or occupant and that they will fully comply with the terms and conditions of said Protective Covenants.

15.2 Duration and Termination The covenants, conditions, restrictions, and affirmative obligations of these Protective Covenants shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Owner of any Unit, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date these Protective Covenants are recorded in the Brunswick County Registry, after which date these Protective Covenants shall be extended automatically for successive periods of forty (40) years, unless these Protective Covenants are terminated as provided in §47F-2-118 of the Planned Community Act (provided that, during the Class "B" Control Period, any termination shall also require the consent of Declarant). The covenants, restrictions, conditions and affirmative obligations of these Protective Covenants shall run with and bind the land and shall bind any person having at any time any interest or estate in any of the Properties as though such provision were made a part of each and every deed of conveyance or lease.

15.3 Amendment.

(a) As long as Declarant owns any of the Property, these Protective Covenants may be amended by Declarant in its discretion. Retention of this right by the Declarant is not intended to materially alter the general or common scheme of development for the property herein described, but to correct and/or modify situations or circumstances which may arise or become apparent during the course of development. In addition, the Declarant may amend these Protective Covenants to annex additional property and make it subject to the terms, conditions, restrictions, obligations and covenants of these Protective Covenants as provided in Article 8 herein. Thereafter, these Protective Covenants may be amended by vote of not less than sixty-seven percent (67%) of the Class "A" Members, and an instrument must be recorded at the Brunswick County Registry for such an amendment to be effective.



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

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

ARTICLE 16 **ENFORCEMENT**

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

16.1 Enforcement. The Association, the Declarant and any aggrieved Owner within the Residential Community shall have the right to enforce by any proceeding at law or in equity, all of the conditions, covenants and restrictions of these Protective Covenants and any of the provisions of the other Governing Documents. The prevailing party shall be entitled to collect all costs thereof, including reasonable attorney's fees (which shall be determined using reasonable hourly rates).

16.2 Remedies. The Association shall have the right to remedy any violation of the conditions, covenants and restrictions of these Protective Covenants or any of the provisions of the other Governing Documents and assess the costs of remedying same against the offending Owner as an Individual Assessment as provided in Article 9 herein.

16.3 Suspension of Rights. For any violation by an Owner of the conditions, covenants and restrictions of these Protective Covenants or any of the provisions of the other Governing Documents (including, but not limited to, the nonpayment of any assessment), the Association shall, after providing the Owner with any notice and opportunity to be heard as may be provided in the Bylaws, have the right to suspend: (a) the offending Owner's voting rights, (b) the use by such Owner, his agents, lessees, employees, licensees, and invitees of the Common Areas and recreational facilities in the Residential Community, and (c) any other privileges or services provided by the Association (a-c, collectively herein called "Planned Community Privileges") for any period during which a violation continues.

16.4 Fines. For any violation by an Owner of the conditions, covenants and restrictions of these Protective Covenants or any provisions of the other Governing Documents (including, but not limited to, the nonpayment of any general, special or individual assessment), the Association shall, after providing the Owner with any notice and any opportunity to be heard as may be provided in the Bylaws, have the right to impose reasonable fines for any period during which a violation continues. Notwithstanding the foregoing, the Association shall not be required to provide any Owner with notice and an opportunity to be heard in order to impose reasonable fines for the late payment or nonpayment of any assessment which has remained unpaid for a period of thirty (30) days or longer. The Association may establish a schedule of fines for the violation of the conditions, covenants and restrictions of these Protective Covenants or any of the provisions of the other Governing Documents. If an Owner does not pay the



imposed fine within fifteen (15) days of its imposition, the fine shall be an Individual Assessment against the property and may be enforced by the Association in accordance with Article 9 herein and with applicable law.

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

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

ARTICLE 17 GENERAL PROVISIONS

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

17.2 Conflict. In the event of any irreconcilable conflict between these Protective Covenants and any of the provisions of the other Governing Documents, the provisions of these Protective Covenants shall control.

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

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

17.5 Use of the Phrase "Sea Trail". No Person shall use the words "Sea Trail", "Sea Trail Plantation", "Sea Trail Golf Resort and Conference Center" or any derivative, or any component thereof in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the words "Sea Trail" in printed or promotional matter solely to specify that particular property is located within the Properties and the Association shall be entitled to use the word "Sea Trail" in its name.

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

UNCERTIFIED



B2520 P0136 12-08-2006 13:29:12.001
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Declarant:

SEA TRAIL CORPORATION

UNCERTIFIED

By: Dana A. Connelly
Name: Dana A. Connelly
Title: President

UNCERTIFIED

NORTH CAROLINA

Brunswick COUNTY

I, Rebecca A. Painter, a Notary Public of the State and County aforesaid, certify that Dana A. Connelly personally came before me this day and acknowledged that she is President of SEA TRAIL CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

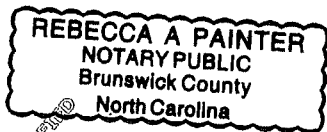
WITNESS my hand and official seal this 22nd day of November, 2006.

UNCERTIFIED

Rebecca A. Painter
Notary Public

My commission expires:

3/13/2011



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CONSENT OF MORTGAGEE

RBC CENTURA BANK, a North Carolina banking corporation, is the holder of that certain Deed of Trust and Security Agreement and UCC Financing Statement on the property as described in the foregoing Second Amended Consolidated Master Declaration and Development Plan For Sea Trail Plantation, Including Covenants, Conditions and Descriptions (herein called, "Declaration"), said Deed of Trust having been filed in Book 1560 at Page 883, in the Office of the Register of Deeds of Brunswick County and said UCC Financing Statement No. 20020029104F having been filed with the North Carolina Secretary of State, and as holder of said Deed of Trust and said UCC Financing Statement does hereby consent to the terms, conditions and covenants in the Declaration and agrees that the liens of said Deed of Trust and said UCC Financing Statement are subject to the terms, conditions and covenants contained in said Declaration.

In witness whereof, RBC CENTURA BANK, has caused this Consent of Mortgagee to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, this the 17th day of November, 2006, and CB SERVICES CORP, as Trustee (CB Services Corp. having been appointed Substitute Trustee by that Substitution of Trustee recorded in Book 1580, Page 326, Brunswick County Registry), has hereunto set his hand and seal, this the 17th day of November, 2006.

RBC CENTURA BANK

By: [Signature]
 Name: A Riddick Skinner
 Title: Commercial Acct. Mgr.

CB SERVICES CORP.

By: [Signature]
 Name: A Riddick Skinner
 Title: Vice President

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

BRUNSWICK COUNTY, NC REGISTER OF DEEDS

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I, Michelle L. Wright, a Notary Public of the State and County aforesaid, certify that A Riddick Skinner personally came before me this day and acknowledged that he is Commercial Acct Mgr. of RBC Centura Bank, a South Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Commercial Acct Mgr.

WITNESS my hand and official seal this 17th day of November, 2006

Michelle L. Wright
Notary Public

My Commission Expires:

April 30, 08

MICHELLE L. WRIGHT
Notary Public
State of South Carolina
My Commission Expires April 30, 2008



STATE OF SOUTH CAROLINA

COUNTY OF HORRY

I, Michelle L. Wright, a Notary Public of the State and County aforesaid, certify that A Riddick Skinner personally came before me this day and acknowledged that he is Vice President of CB Services Corp., Trustee, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President

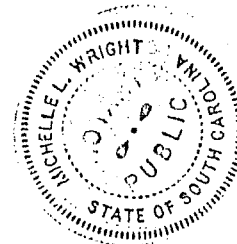
WITNESS my hand and official seal this 17th day of November, 2006

Michelle L. Wright
Notary Public

My Commission Expires:

April 30, 08

MICHELLE L. WRIGHT
Notary Public
State of South Carolina
My Commission Expires April 30, 2008



UNCERTIFIED



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EXHIBIT A

The Property

BEING ALL of that real property which previously has been submitted to the jurisdiction of the Sea Trail Plantation Master Association, Inc. and the Amended Consolidated Master Declaration and Development Plan Including Covenants, Conditions and Restrictions for Sea Trail Plantation recorded in Book 793, Page 82, Brunswick County Registry, as the same may have been amended and/or supplemented from time to time.

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EXHIBIT B

The Future Development Property

BEING ALL OF THOSE TRACTS OR PARCELS OF PROPERTY LOCATED IN Shallotte Township, Brunswick County, North Carolina, and being more particularly described as follows:

TRACT ONE: BEING the property known as "Seaside South Tract" as shown on a survey dated December 12, 1976 by W. E. Gilbert & Associates, Inc., Engineers, entitled "Survey of Seaside South Tract, Located in Brunswick County, N.C., for International Paper Co." (Sheets 1 and 2) composed of three parcels described as follows:

Parcel A Commencing at the intersections of the center line of County Road Number 1172 and Highway Number 904, run thence South 27 degrees 55 minutes 13 seconds West 49.60 feet to the southwestern corner of the intersection of said roads, also the same being the intersection of the southern line of County Road Number 1172 with the western line of County Road Number 1162, the point and place of BEGINNING; runs thence from said point of BEGINNING along the western line of County Road Number 1162 (incorrectly shown on the survey as a continuation of Highway Number 904) the following courses and distances: (1) South 09 degrees 18 minutes 00 seconds East 1264.34 feet to a point; (2) along a curve to the right having a radius of 1106.78 feet a distance of 242.43 feet to a point; and (3) South 02 degrees 53 minutes 18 seconds East 280.57 feet to an iron pin; runs thence leaving said road right of way South 88 degrees 18 minutes 21 seconds West 911.97 feet to an iron pipe in the center line of a creek; runs thence down the center line of said creek the following courses and distances: (1) South 11 degrees 06 minutes 10 seconds West 175.85 feet to an iron pin, (2) South 14 degrees 36 minutes 39 seconds East 352.40 feet to a point; (3) South 09 degrees 52 minutes 14 seconds East 127.57 feet to a point; (4) South 19 degrees 05 minutes 01 seconds East 227.30 feet to a point (5) South 03 degrees 28 minutes 19 seconds East 136.58 feet to a point, (6) South 05 degrees 17 minutes 41 seconds West 79.77 feet to a point and (7) South 31 degrees 51 minutes 01 seconds West 167.54 feet to a point; run thence leaving the center of said creek South 77 degrees 43 minutes 42 seconds West 925.97 feet to a point in the center of a dirt road; runs thence along the center line of said dirt road North 04 degrees 34 minutes 40 seconds East 731.52 feet to a point; runs thence along the northern line of a 60 foot road the following courses and distances: (1) South 80 degrees 52 minutes 20 seconds West 4209.78 feet to a point; (2) South 80 degrees 48 minutes 00 seconds West 100.50 feet to a point, and (3) South 80 degrees 42 minutes 10 seconds West 1840.19 feet to a point where the northern line of said 60 foot road intersects the eastern line of Sunset Boulevard, County Road Number 1172; runs thence along the eastern and southerly lines of Sunset Boulevard the following courses and distances: (1) North 07 degrees 29 minutes 12 seconds East 1183.09 feet to a point; (2) along a curve to the right having a radius of 912.52 feet to a distance of 1113.34 feet to a point, (3) North 77 degrees 23 minutes 30 seconds East 2387.67 feet to a point (4) North 77 degrees 11 minutes 30 seconds East 1139.59 feet to a point and (5) North 77 degrees 02 minutes 30 seconds East 4317.36 feet to a point, the point and place of beginning and containing, according to the above referenced survey, 350.19 acres.

For back reference see Deed Book 364 at Page 413, Brunswick County Registry.



Parcel B Commencing at the northeastern corner of the intersection of County Road Number 1186 and Sunset Boulevard, County Road Number 1172, the southeastern corner of the Fire Station Property, runs thence along the eastern line of the Fire Station Property and the western line of Sunset Boulevard North 07 degrees 29 minutes 12 seconds East 518.39 feet to an iron pipe, the northeastern corner of the Fire Station Property and the same being the point and place of BEGINNING; runs thence along the line of the Fire Station Property the following courses and distances: (1) South 81 degrees 12 minutes 08 seconds West 180.98 feet to an iron pin; (2) South 81 degrees 12 minutes 08 seconds West 190.81 feet to a point; (3) South 10 degrees 56 minutes 15 seconds West 530.64 feet to a point in the northern line of County Road Number 1186; runs thence along the northern line of County Road Number 1186 South 80 degrees 56 minutes 15 seconds West 1035.55 feet to an iron pin, the southwestern corner of the City Hall Property; runs thence along the northern line of said City Hall Property and the property of, now or formerly, Ed Gore, North 67 degrees 31 minutes 25 seconds West 1414.44 feet to a point in the eastern line of Lakeview Drive, runs thence along the easterly and northerly lines of Lakeview Drive the following courses and distances (1) North 30 degrees 37 minute 00 seconds West 562.67 feet to a point; (2) North 60 degrees 59 minutes 40 seconds West 338.19 feet to a point; (3) North 85 degrees 54 minutes 40 seconds West 814.27 feet to a point (4) North 81 degrees 36 minutes 40 seconds West 279.39 feet to a point (5) South 63 degrees 59 minutes 00 seconds West 802.53 feet to a point; and (6) North 70 degrees 06 minutes 20 seconds West 748.35 feet to a point where the northern line of Lakeview Drive intersects the eastern line of a 60 foot right of way leading to Sunset Lakes Subdivision; runs thence along the eastern line of said 60 foot right of way leading to Sunset Lakes Subdivision, North 19 degrees 44 minutes 00 seconds East 704.59 feet to a point and North 39 degrees 26 minutes 40 seconds East 227.82 feet to a point in the southern line of Sunset Lakes Subdivision, runs thence along the southern line of Sunset Lakes Subdivision the following courses and distances (1) South 77 degrees 40 minutes 16 seconds East 51.33 feet to an iron pin (2) North 86 degrees 33 minutes 20 seconds East 675.95 feet to an iron pin (3) North 80 degrees 03 minutes 36 seconds East 1447.32 feet to an iron pin; and (4) South 81 degrees 46 minutes 00 seconds East 630.83 feet to an iron pin, runs thence South 84 degrees 55 minutes 43 seconds East 473.45 feet to a point in the center line of Old Stage Road; runs thence along the center line of Old Stage Road the following courses and distances: (1) North 66 degrees 13 minutes 00 seconds East 509.98 feet to a point (2) North 64 degrees 37 minutes 00 seconds East 358.75 feet to a point (3) North 59 degrees 48 minutes 40 seconds East 180.69 feet to a point (4) North 72 degrees 14 minutes 30 seconds East 236.90 feet to a point; (5) North 65 degrees 29 minutes 50 seconds East 262.23 feet to a point (6) North 85 degrees 46 minutes 30 seconds East 368.32 feet to a point (7) South 85 degrees 59 minutes 10 seconds East 341.19 feet to a point, (8) North 88 degrees 34 minutes 00 seconds East 361.61 feet to a point and (9) South 88 degrees 18 minutes 30 seconds East 819.50 feet to a point in the northwesterly line of Sunset Boulevard; runs thence along the northerly and westerly lines of Sunset Boulevard the following courses and distances: (1) along a curve to the left having a radius of 987.52 feet a distance of 1319.85 feet to a point, and (2) South 07 degrees 29 minutes 12 seconds West 1212.23 feet to the point and place of Beginning and containing in accordance with the above referenced survey 226.48 acres.

Parcel C: Commencing at the intersection of the center line of Lakeview Drive with the center line of County Road Number 1186, runs thence South 86 degrees 06 minutes 18 seconds West 264.36 feet to a point on the northern line of County Road Number 1186, common corner with the property of, now or formerly, Ed Gore, the point and place of BEGINNING; runs thence from said point of Beginning along the northern line of County Road Number 1186 the following



courses and distances: (1) South 72 degrees 44 minutes 00 seconds West 187.66 feet to a point (2) South 72 degrees 36 minutes 20 seconds West 899.21 feet to a point; (3) South 87 degrees 51 minutes 20 seconds West 371.65 feet to a point; and (4) North 79 degrees 29 minutes 40 seconds West 498.20 feet to a point where the northerly line of County Road Number 1186 intersects the center line of a dirt road; runs thence along the center line of said dirt road North 15 degrees 36 minutes 40 seconds West 591.21 feet to a point in the center line of Old State Road; runs thence along the center line of Old State Road the following courses and distances: (1) North 71 degrees 51 minutes 00 seconds East 358.82 feet to a point (2) North 43 degrees 37 minutes 20 seconds East 232.85 feet to a point (3) North 53 degrees 06 minutes 40 seconds East 147.11 feet to a point, (4) North 33 degrees 52 minutes 40 seconds East 103.67 feet to a point; (5) North 54 degrees 16 minutes 20 seconds East 204.24 feet to a point; (6) North 81 degrees 03 minutes 20 seconds East 207.39 feet to a point (7) North 68 degrees 57 minutes 20 seconds East 282.66 feet to a point (8) North 43 degrees 48 minutes 40 seconds East 211.55 feet to a point (9) North 70 degrees 13 minutes 20 seconds East 367.14 feet to a point (10) North 51 degrees 52 minutes 20 seconds East 112.72 feet to a point; (11) North 83 degrees 12 minutes 00 seconds East 293.27 feet to a point; (12) North 75 degrees 03 minutes 00 seconds East 185.41 feet to a point; (13) North 61 degrees 14 minutes 20 seconds East 244.34 feet to a point and (15) North 64 degrees 22 minutes 13 seconds East 214.53 feet to a point in the marsh; runs thence North 15 degrees 28 minutes 02 seconds West 630.03 feet to a point in the edge of the marsh, runs thence along the edge of marsh the following courses and distances: (1) North 23 degrees 54 minutes 08 seconds East 131.53 feet to a point; (2) North 70 degrees 19 minutes 00 seconds East 116.41 feet to a point; (3) North 36 degrees 17 minutes 35 seconds East 237.95 feet to a point (4) South 87 degrees 07 minutes 05 seconds East 134.77 feet to a point (5) North 77 degrees 29 minutes 55 seconds East 97.72 feet to a point (6) North 67 degrees 14 minutes 53 seconds East 80.56 feet to a point (7) North 67 degrees 14 minutes 53 seconds East 27.94 feet to a point; (8) South 49 degrees 45 minutes 16 seconds East 373.93 feet to a point; and (9) South 77 degrees 40 minutes 16 seconds East 54.31 feet to a point in the westerly line of a 60 foot right of way leading from Lakeview Drive to Sunset Lakes Subdivision; runs thence along the Westerly line of said 60 foot right of way the following courses and distances: (1) South 39 degrees 26 minutes 40 seconds West 207.52 feet to a point (2) South 19 degrees 44 minutes 00 seconds West 726.67 feet to a point where the western line of said 60 foot right of way intersects the northern line of Lakeview Drive; runs thence along the northern line of Lakeview Drive the followings courses and distances: (1) South 82 degrees 22 minutes 00 seconds West 369.72 feet to a point (2) South 58 degrees 06 minutes 20 seconds West 271.22 feet to a point; (3) South 61 degrees 53 minutes 20 seconds West 277.88 feet to a point; (4) South 47 degrees 30 minutes 20 seconds West 433.50 feet to a point; and (5) South 04 degrees 33 minutes 40 seconds East 601.49 feet to a point, corner with the property of, now or formerly, Ed Gore; runs thence along the line of said Gore property South 40 degrees 44 minutes 00 seconds West 329.71 feet to the point and place of BEGINNING and containing in accordance with the above referenced survey 76.78 acres;

SAVING AND EXCEPTING a non-exclusive easement for ingress, egress, and regress for access and roadway uses over a sixty (60) foot wide strip of land extending sixty (60) feet easterly or and parallel to the following described line:

BEGINNING at the southwestern corner of Tract I, Parcel C hereinabove described, the intersection of the northern line of County Road Number 1186 and the center line of a dirt road shown on the above referenced survey; runs thence North 15 degrees 36 minutes 40 seconds West 591.21 feet to a point in the center of Old State Road.



TRACT TWO: All those certain tracts or parcels of land situated in Brunswick County, North Carolina, being the property shown as "A Portion of the Seaside Tract" on a survey dated August, 1977 by Patrick A. Allen, registered land surveyor, composed of two parcels described as follows:

Parcel D Beginning at the northwest corner of the intersection of State Road 1172 (Sunset Boulevard) and N. C. Highway 904, running thence (1) North 9 degrees 41 minutes 10 seconds West 1084.21 feet to a point; thence westerly through lands now or formerly of International Paper Company the following courses and distances (2) South 72 degrees 27 minutes 11 Seconds West 354.63 feet to a point; thence (3) South 76 degrees 02 minutes 19 seconds West 1708.34 feet to a point; thence (4) South 42 degrees 50 minutes 34 seconds West 349.91 feet to a point; thence (5) South 86 degrees 09 minutes West 959.43 feet to a point; thence (6) South 88 degrees 05 minutes 37 seconds West 267.74 feet to a point; thence (7) North 56 degrees 26 minutes 48 seconds West 234.82 feet to a point; thence (8) North 01 degrees 42 minutes 52 seconds West 202.48 feet to a point; thence (9) North 42 degrees 53 minutes 50 seconds West 411.28 feet to a point; thence (10) North 49 degrees 34 minutes 28 seconds West 122.51 feet to a point; thence (11) South 51 degrees 26 minutes 54 seconds West 684.23 feet to a point; thence (12) South 66 degrees 16 minutes 00 seconds West 777.06 feet to a point; thence (13) South 71 degrees 09 minutes 00 seconds West 466.06 feet to an old iron pipe; thence (14) South 81 degrees 59 minutes 50 seconds West 126.90 feet to a point; thence (15) South 78 degrees 31 minutes 50 seconds West 110.66 feet to a point; thence (16) South 58 degrees 55 minutes 30 seconds West 96.92 feet to a point; thence (17) South 82 degrees 10 minutes 50 seconds West 387.07 feet to a point; thence (18) South 72 degrees 58 minutes 50 seconds West 363.37 feet to a point; thence (19) South 77 degrees 01 minutes 35 seconds West 343.96 feet to a point; thence (20) South 54 degrees 37 minutes 05 seconds West 428.68 feet to a point; thence (21) North 83 degrees 16 minutes 55 seconds West 185.26 feet to a point; thence (22) South 43 degrees 27 minutes 35 seconds West 246.72 feet to a point; (23) South 37 degrees 41 minutes 40 seconds East 99.54 feet to a point; thence (24) South 78 degrees 22 minutes 35 seconds West 237.38 feet to a point; thence (25) North 46 degrees 57 minutes 25 seconds West 183.44 feet to a point; thence (26) South 82 degrees 23 minutes 50 seconds West 231.14 feet to a point; thence (27) South 87 degrees 21 minutes 32 seconds West 268.78 feet to a point; thence (28) South 44 degrees 30 minutes 35 seconds West 429.33 feet to a point; thence (29) North 85 degrees 59 minutes 02 seconds West 154.40 feet to a point; thence (30) South 48 degrees 25 minutes 58 seconds West, 136.16 feet to a point; thence (31) South 63 degrees 06 minutes 55 seconds West, 140.43 feet to a point; thence (32) South 17 degrees 08 minutes 15 seconds East 105.52 feet to a point; thence along the edge of flood water of the Calabash River (33) South 47 degrees 50 minutes 30 seconds West 119.92 feet to a point; thence (34) South 37 degrees 05 minutes 15 seconds West 189.29 feet to a point; thence (35) South 59 degrees 54 minutes 30 seconds West 352.69 feet to a point; thence (36) South 26 degrees 06 minutes 15 seconds West 206.74 feet to a point; thence (37) South 72 degrees 36 minutes 23 seconds West 284.27 feet to an old iron pipe and a corner of lands now or formerly designated as Sunset Lakes Subdivision; thence (38) South 06 degrees 52 minutes 35 seconds West 137.82 feet to an old iron pipe; thence, (39) South 85 degrees 02 minutes 37 seconds East 472.87 feet to a corner of lands now or formerly of Sea Trail Corp.; thence (40) North 66 degrees 04 minutes 00 seconds East 509.69 feet to a point; thence (41) North 62 degrees 50 minutes 55 seconds East 539.10 feet to a point on or in Old Stage Road; thence (42) North 73 degrees 14 minutes 55 seconds East 200.73 feet to appoint; thence (43) North 65 degrees 22 minutes 00 seconds East 298.51 feet to a point; thence (44) North 85



degrees 37 minutes 10 seconds East 368.32 feet to a point; thence (45) South 86 degrees 08 minutes 50 seconds East 341.23 feet to a point; thence, (46) North 88 degrees 25 minutes 25 seconds East 361.71 feet to a point; thence (47) South 88 degrees 27 minutes 20 seconds East 792.34 feet to a point on the northerly right of way of State Road 1172 (Sunset Boulevard); thence along said right of way (48) North 77 degrees 15 minutes 10 seconds East 151.18 feet; thence (49) North 77 degrees 15 minutes 10 seconds East 2148.09 feet to a point; thence (50) North 77 degrees 02 minutes 30 seconds East 1173.12 feet to a point; thence (51) North 77 degrees 02 minutes 30 seconds East 1966.15 feet to a point; thence (52) North 76 degrees 52 minutes 40 seconds East 1322.05 feet to the point of beginning, containing a total of 258.09 acres with .48 acres thereof being excepted as shown on the above-referenced survey, leaving a net acreage total of 257.61 acres.

SAVE AND EXCEPT from the above-described Parcel D that certain tract more particularly described as follows:

Commencing at the northwest corner of the intersection of State Road 1172 (Sunset Boulevard) and N.C. Highway 904 and proceeding thence the first 28 courses and distances described above to a point on the run of the Calabash River Head Water; thence South 40 degrees 07 minutes 14 seconds East 217.74 feet to the point of BEGINNING, running thence South 43 degrees 13 minutes 56 seconds East 146.55 feet to a point; thence South 61 degrees 47 minutes 10 seconds West 182.71 feet to a point, thence North 32 degrees 06 minutes 23 seconds West 104.53 feet to a point; thence North 47 degrees 58 minutes 44 seconds East 156.35 feet to the point and place of beginning containing .48 acres.

Parcel E: BEGINNING at a point, said point being located in the Eastern most line of the D.E. Stanaland property and the Western most line of the Metcalf property, and said point being further identified as being 25.54 feet South 71 degrees 51 minutes 50 seconds West from the North West corner of Seaside C. From the beginning point as thus described with the old D.E. Stanaland-Metcalf marked line with the following courses and distances: North 16 degrees 52 minutes 31 seconds West 427.30 feet, North 16 degrees 32 minutes 30 seconds West 698.93 feet, North 17 degrees 09 minutes 26 seconds West 349.34 feet, North 16 degrees 46 minutes 43 seconds West 998.88 feet, North 16 degrees 45 minutes 03 seconds West 527.15 feet to pointers located in the Southern marsh line of the Calabash River; thence with the Southern marsh line of the Calabash River the following courses and distances; South 73 degrees 56 minutes 16 seconds East 135.47 feet, North 60 degrees 34 minutes 21 seconds East 206.24 feet, South 87 degrees 29 minutes 15 seconds East 280.38 feet, South 50 degrees 43 minutes 15 seconds East 291.85 feet, South 40 degrees 59 minutes 50 seconds East 902.03 feet crossing a slaugh to a point in the Southern edge of the marsh, North 83 degrees 41 minutes 34 seconds East 707.94 feet, South 37 degrees 50 minutes 35 seconds East 161.0 feet, South 85 degrees 33 minutes 49 seconds East 449.41 feet, South 21 degrees 51 minutes 35 seconds East 354.04 feet, North 57 degrees 18 minutes 23 seconds West 211.26 feet, South 75 degrees 50 minutes 49 seconds East 246.28 feet, South 52 degrees 57 minutes 25 seconds East 573.92 feet to a point; thence leaving the edge of the marsh South 63 degrees 36 minutes 05 seconds West 94.64 feet, thence South 64 degrees 57 minutes 40 seconds West 119.66 feet to a point in the Northern edge of the Old Stage Road; thence with the Old Stage Road the following courses and distances; South 61 degrees 14 minutes 20 seconds West 244.34 feet, South 75 degrees 02 minutes 35 seconds West 185.21 feet; South 83 degrees 11 minutes 15 seconds West 293.21 feet, South 51 degrees 51 minutes 15 seconds West 112.78 feet, South 70 degrees 12 minutes 25 seconds West 367.13 feet, South 43



degrees 48 minutes 40 seconds West 211.58 feet, South 68 degrees 57 minutes 30 seconds West 282.67 feet, South 81 degrees 04 minutes 00 seconds West 207.44 feet, South 54 degrees 16 minutes 50 seconds West 204.30 feet, South 33 degrees 52 minutes 40 seconds West 103.64 feet, South 53 degrees 06 minutes 10 seconds West 147.01 feet, South 43 degrees 36 minutes 45 seconds West 232.80 feet; thence leaving the Old Stage Road South 71 degrees 51 minutes 50 seconds West 384.60 feet to the place and point of beginning and containing 106.99 acres according to a survey for International Paper Company August 1977, by Patrick A. Allen, R.L.S.

For back reference see Deed Book 381 at Page 298, Brunswick County Registry.

TRACT THREE: Tract B: Beginning at a new iron pipe, located the following courses and distances from a railroad spike located in the intersection of State Road 1163 and N.C. 904; thence running with the center line of N.C. 904, South 8 degrees 28 minutes 29 seconds East, 334.89 feet to a nail and cap; thence South 3 degrees 37 minutes 19 seconds East, 2091.59 feet to a nail and cap; thence South 3 degrees 41 minutes 45 seconds East 1952.46 feet to a nail and cap; thence South 4 degrees 17 minutes 49 seconds East 264.40 feet, to a nail and cap; thence South 5 degrees 16 minutes 43 seconds East 279.91 feet to a nail and cap; thence South 7 degrees 28 minutes 39 seconds East 240.73 feet to a nail and cap; thence South 9 degrees 37 minutes 41 seconds East 1051.47 feet to a nail and cap; thence leaving said center line of N.C. 904 and running South 80 degrees 31 minutes 32 seconds West 30 feet to an iron pipe; said iron pipe being the northeastern corner of Seatrail Corporation's land; thence running with and along a ditch the following courses and distances: South 72 degrees 39 minutes 53 seconds West, 354.63 feet South 76 degrees 15 minutes 1 second West 1708.34 feet South 43 degrees 3 minutes 16 seconds West 349.91 feet; South 86 degrees 21 minutes, 42 seconds West 959.43 feet; South 88 degrees 18 minutes 19 seconds West 267.74 feet North 56 degrees 14 minutes 6 seconds West 234.82 feet North 1 degree 30 minutes 10 seconds West 202.48 feet North 42 degrees 41 minutes 8 seconds West 411.28 feet North 49 degrees 21 minutes 46 seconds West, 122.51 feet South 51 degrees 39 minutes 36 seconds West, 684.23 feet South 66 degrees 28 minutes 42 seconds West, 777.06 feet; South 71 degrees 12 minutes 42 seconds West, 466.06 feet; South 82 degrees 12 minutes 32 seconds West, 5.27 feet to an iron pipe; thence leaving said ditch, runs thence North 1 degree 5 minutes 29 seconds West 1175.8 feet, the place and point of beginning; from said place and point of beginning thus located, runs thence North 79 degrees 5 minutes 52 seconds East, 1912.01 feet to a point located east of a Brunswick Electric Membership Corporation right-of-way easement; runs thence North 40 degrees 13 minutes 21 seconds West, 479.42 feet to an old iron pipe; runs thence North 34 degrees 21 minutes 20 seconds West, 344.01 feet to an old iron pipe; runs thence North 32 degrees 43 minutes 37 seconds West, 472 feet to an old iron pipe; runs thence North 36 degrees 28 minutes 38 seconds West, 779.83 feet to a new iron pipe; runs thence North 6 degrees 31 minutes 45 seconds West, 505.36 feet to an old iron pipe; runs thence North 9 degrees 7 minutes 28 seconds West, 478.92 feet to an old iron pipe; runs thence North 21 degrees 37 minutes 30 seconds West, 320.63 feet to an old iron pipe; runs thence North 25 degrees 56 minutes 44 seconds West 415.41 feet to an old iron pipe; runs thence North 14 degrees 2 minutes 8 seconds West, 406.88 feet to an old iron pipe; runs thence North 7 degrees 19 minutes 4 seconds West, 356.39 feet to an old iron pipe; runs thence North 0 degrees 47 minutes 32 seconds East, 776.97 feet to an old iron pipe located in the center line of State Road 1163 (60 foot right-of-way); runs thence with the center line of State Road 1163 the following courses and distances; North 84 degrees 20 minutes 39 seconds West, 1751.23 feet to an old iron pipe; runs thence South 89 degrees 47 minutes 3 seconds West, 428.37 feet to an old iron pipe; runs thence South 84 degrees 5 minutes 34 seconds West, 684.33 feet to an old iron pipe; runs



thence South 80 degrees 10 minutes 13 seconds West, 261.18 feet to an old iron pipe; runs thence South 72 degrees 31 minutes 41 seconds West, 199.70 feet to an old iron pipe; runs thence South 65 degrees 54 minutes 5 seconds West, 200.08 feet to an old iron pipe; runs thence South 62 degrees 10 minutes 47 seconds West, 1609.76 feet to a new iron pipe located at the point where the run of Crooked Gulley Branch crosses State Road 1163; runs thence leaving the center line of State Road 1163 the following courses and distances with and along Crooked Gulley Branch; South 4 degrees 8 minutes 21 seconds East, 120.74 feet to an old iron pipe; South 6 degrees 39 minutes 33 seconds West, 1099.06 feet to an old iron pipe; South 6 degrees 54 minutes 27 seconds West, 334.62 feet to an old iron pipe; thence South 19 degrees 57 minutes 28 seconds East, 348.66 feet to an old iron pipe; South 30 degrees 28 minutes 3 seconds West 498.29 feet to an old iron pipe; South 5 degrees 30 minutes 20 seconds East, 551.35 feet to an old iron pipe; South 44 degrees 49 minutes 19 seconds East, 343.67 feet to an old iron pipe; South 27 degrees 8 minutes 40 seconds West, 278.83 feet to an old iron pipe next to a marked ash tree; thence leaving Crooked Gulley Branch, runs South 21 degrees 5 minutes 30 seconds East 2275.76 feet to an old iron pipe; runs thence South 6 degrees 9 minutes 51 seconds West, 1275.06 feet to an old iron pipe; runs thence South 6 degrees 43 minutes 59 seconds West, 256.27 feet to an old iron pipe; runs thence South 7 degrees 21 minutes 10 seconds West 564.69 feet to the run of Calabash Swamp; thence running with and along the run of Calabash Swamp these various courses and distances: North 70 degrees 59 minutes 59 seconds East, 291.37 feet; North 26 degrees 18 minutes 57 seconds East, 206.74 feet; North 60 degrees 7 minutes 12 seconds East, 352.69 feet; North 37 degrees 17 minutes 57 seconds East 189.29 feet; North 48 degrees 3 minutes 12 seconds East, 119.92 feet; North 16 degrees 55 minutes 33 seconds West, 105.52 feet; North 63 degrees 19 minutes 37 seconds East, 140.43 feet; North 48 degrees 38 minutes 40 seconds East, 136.16 feet; South 85 degrees 46 minutes 20 seconds East, 154.40 feet; North 44 degrees 43 minutes 17 seconds East, 429.31 feet; North 87 degrees 34 minutes 14 seconds East, 268.78 feet; North 82 degrees 36 minutes 32 seconds East, 231.14 feet; South 46 degrees 44 minutes 43 seconds East, 183.44 feet; North 78 degrees 35 minutes 17 seconds East, 237.38 feet; North 37 degrees 28 minutes 58 seconds West 99.54 feet; North 43 degrees 4 minutes 17 seconds East 246.72 feet; South 83 degrees 44 minutes 13 seconds East, 185.26 feet; North 54 degrees 49 minutes 47 seconds East, 428.68 feet; North 77 degrees 14 minutes 17 seconds East, 313.08 feet to an old iron pipe; thence leaving the run of Calabash Swamp, North 3 degrees 35 minutes 30 seconds West, 1421.70 feet to an old iron pipe; runs thence North 85 degrees 7 minutes 45 seconds West, 1065.89 feet to an old iron pipe; runs thence North 1 degree 6 minutes 18 seconds West, 771.27 feet to an old iron pipe; runs thence South 84 degrees 57 minutes 43 seconds East, 1032.57 feet to an old axle; runs thence North 4 degrees 35 minutes 43 seconds West, 2132.39 feet to an old iron pipe; runs thence North 88 degrees 39 minutes 21 seconds East, 1304.82 feet to an old iron pipe; runs thence South 1 degree 5 minutes 29 seconds East, 2929.18 feet to the place and point of beginning.

Save and excepting the Pleasant View Baptist Church Cemetery Tract containing 2.234 acres and 20 foot Easement Road from S.R. 1163 to Pleasant View Baptist Cemetery containing 0.421 acres as shown on map prepared by Jan K. Dale, R.N.S., recorded in Map Cabinet Q at Page 188 and 189; also Brunswick Electric Membership easement containing 2.360 acres as described in Deed Book 485 at Page 160, Brunswick County Registry and right-of-way area of S.R. 1163.

AND being the same property as was conveyed by Odell Williamson and wife, Virginia A. Williamson to Sea Trail Corporation by deed dated 15 September 1986, recorded in Deed Book 662 at Page 828, Brunswick County Registry.

AND EXCEPTING that certain out conveyance to Odell DeCarol Williamson et als containing 1.21 acres, more or less, as more particularly described in a survey plat recorded in Map Cabinet V at Page 65, Brunswick County Registry.

Exception is noted for that certain Boundary Line Agreement and Street Agreement between Sea Trail Corporation and Odell DeCarol Williamson et als recorded in Book 821 at Page 243, Brunswick County Registry.

TRACT FOUR:

All right, title and interest of Sea Trail Corporation in and to a certain roadway and easement described in a Deed and Declaration of Mutual Right of Way and Easement between Odell Williamson and wife, Virginia A. Williamson and Sea Trail Corporation dated 15 September 1986 and recorded in Deed Book 662 at Page 835 in the Office of the Register of Deeds for Brunswick County, North Carolina, to which reference is made for greater certainty of description thereof.

TRACT FIVE:

All right, title and interest of Sea Trail Corporation in and to all property lying east of and between a line shown as line "A" to "B" and a sixty foot (60') right-of-way (centerline) as shown on a survey plat recorded in Map Cabinet U at Page 204, Brunswick County Registry, and being the same property as was conveyed by Odell Williamson et ux to Sea Trail Corporation under deed dated 15 September 1986, recorded in Book 662 at Page 828, Brunswick County Registry.

TRACT SIX:

BEING all of Parcel A containing 53.18 acres according to the survey by Patrick A. Allen, R.L.S., a plat of which duly appears in Map Cabinet R at Page 122 of the Brunswick County Registry.

This conveyance is made SUBJECT to a one-eighth (1/8) non-participating royalty interest in oil, gas and associated hydrocarbons and an undivided one-half (1/2) in any and all bonus considerations, rentals, royalties and other payments provided for in any mineral lease or leases executed by the Grantee, its heirs, successors and assigns, covering those minerals all as described in Deed Book 611 at Page 411, Brunswick County Registry. For back reference see Deed Book 995 at Page 1, Brunswick County Registry.

TRACT SEVEN:

BEING all of that certain 60.946 acre parcel of property according to a survey by Jan K. Dale, R.L.S., dated May 20, 1987, a plat of which duly appears in Map Cabinet R at Page 318 of the Brunswick County Registry.

For back reference see deeds recorded in Deed Book 694 at Page 173; Book 694 at Page 410; and Book 697 at Page 184, Brunswick County Registry.

TRACT EIGHT:

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Parcel A: BEGINNING at an iron pipe in the northern right-of-way line of Shoreline Drive West, run thence with Shoreline Drive South 79 degrees 30 minutes West 246.8 feet to an iron pipe; thence North 10 degrees 30 minutes West 150 feet to an iron pipe on the property line of International Paper Company; thence South 69 degrees 13 minutes East with the International Paper Company line a distance of 288.5 feet to the place and point of beginning, according to a survey recorded in Book 252 at Page 277 of the Brunswick County Registry. This being the same property conveyed to the Town of Sunset Beach by deeds recorded in Book 252 at Page 224 and Book 965 at Page 273 of the Brunswick County Registry.

Parcel B: BEGINNING at an iron pipe in the northern right-of-way line of Shoreline Drive (N.C. 179), said iron pipe being located North 79 degrees 30 minutes East 295.16 feet from the intersection of the northern right-of-way line of Shoreline Drive with the western right-of-way line of Canal Avenue extended; from said point of beginning run thence North 10 degrees 30 minutes West 150 feet to a new iron pipe; run thence South 79 degrees 30 minutes West 246.87 feet to a point; run thence South 69 degrees 13 minutes East 288.95 feet to the point and place of beginning, containing .43 acre, more or less. This being the same property conveyed to the Town of Sunset Beach by deed recorded in Book 593 at Page 453 of the Brunswick County Registry.

For back reference see Deed Book 1019 at Page 1047, Brunswick County Registry.

TRACT NINE:

BEGINNING at the Northeastern intersection of Bonaparte Landing Road and Twin Lakes Road; runs thence with the eastern line of the Bonaparte Landing Road North 37-1/2 degrees West 460 feet to a stake in the southern line of Lot No. 8C; thence North 65-1/4 degrees East with the southern line of Lot 8C 435 feet to a stake; thence South 32 degrees East 360 feet to a stake in the northern line of the Twin Lakes Road; thence with the northern line of the Twin Lakes Road South 50-3/4 degrees West 380 feet to the BEGINNING, and being a portion of Lot No. 9C of the division of the D. E. Stanaland heirs located in Colkins Neck as shown on a map thereof by H. R. Hewett, registered land surveyor, dated January 13, 1955, recorded in Map Book 4 at page 129, in the Office of the Register of Deeds for Brunswick County, North Carolina, to which map reference is made for greater certainty of description. And also being the same property as described in a deed and plat recorded in Deed Book 538 at Page 240, Brunswick County Registry, to which reference is made for greater certainty of description.

For back reference see Book 172 at Page 332; Book 538 at Page 238; and Book 538 at Page 240, Brunswick County Registry.

TRACTS ONE THROUGH NINE ARE MORE FULLY DESCRIBED AND CONTAINED IN A PERIMETER SURVEY THEREOF DATED JULY 24, 2001, ENTITLED "MAP FOR SEA TRAIL CORPORATION", PREPARED BY RANDY D. WARD, NORRIS & WARD LAND SURVEYORS, PA, CONSISTING OF SEVEN (7) PAGES, RECORDED IN MAP CABINET 25 AT PAGES 543 THROUGH 549 IN THE OFFICE OF THE REGISTER OF DEEDS FOR BRUNSWICK COUNTY, NORTH CAROLINA, TO



WHICH PLAT AND SURVEY REFERENCE IS HEREBY MADE AND WHICH IS INCORPORATED HEREIN FOR GREATER CERTAINTY DESCRIPTION.

TRACT TEN:

BEING all of Lots 10, 11, 36 and 37, Block 1, Sunset Beach, North Carolina as more particularly described in Map Cabinet L at Page 31 and Map Cabinet 7, Pages 64 and 64A of the Brunswick County Registry, references to which maps are made for a more particular description.

For back reference see Deed Book 810 at Page 400 and Deed Book 752 at Page 743, Brunswick County Registry.

TRACT ELEVEN:

Parcel A: Being all of Parcel Number 4, containing 30.33 acres, according to a survey by Norris & Ward, Land Surveyors, PA entitled "Survey for Seaside Resorts" dated November 4, 1996 and revised February 5, 1997, plats of which duly appear in Map Cabinet 18, Pages 286 through 289 of the Brunswick County Registry, which is incorporated herein by reference for greater certainty of description; subject however, to that certain forty (40) foot street right-of-way across the western portion of Parcel Number 4 as shown on the plat.

Parcel B: Being all of Parcel Number 5, containing .45 acres, according to a survey by Norris & Ward, Land Surveyors, PA entitled "Survey for Seaside Resorts" dated November 4, 1996 and revised February 5, 1997, plats of which duly appear in Map Cabinet 18, Pages 286 through 289 of the Brunswick County Registry, which is incorporated herein by reference for greater certainty of description.

LESS AND EXCEPTING (FROM THE ELEVEN (11) TRACTS DESCRIBED ABOVE) THE FOLLOWING:

Any real property which is described in the attached Exhibit A that previously has been submitted to the jurisdiction of the Sea Trail Plantation Master Association, Inc. and the Amended Consolidated Master Declaration and Development Plan Including Covenants, Conditions and Restrictions for Sea Trail Plantation recorded in Book 793, Page 82, Brunswick County Registry, as the same may have been amended and/or supplemented from time to time.

UNCERTIFIED



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EXHIBIT C

Villages already created within the Property

Baroney Place
Brookwood Park
Champions
Club Villas
The Colony
Crooked Gulley
Discovery Lake
Eastwood Landing
Eastwood Park
Kings Trail
Lakeshore Woods
Live Oak
Olde Oaks
Osprey Creek
Osprey Watch
Oyster Bay
Oyster Pointe
Planters Ridge
Rice Mill
River Creek I & II
Royal Poste Road Villas
Sawmill
Seaside Station
Shoreline Woods
Sugar Mill
Sugar Sands
Tabby Walk
The Villas on Osprey Ridge
Woodstork Village

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