

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

OF

DOLPHIN RIDGE AND ROYALL OAKS

This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS OF DOLPHIN RIDGE and ROYALL OAKS made and entered into as of the 15<sup>th</sup> day of April, 1991, by and between THE NASSAU CORPORATION and ALL PROSPECTIVE PURCHASERS OR OWNERS of Lots 1 through 86 and 92 through 121 as shown on the plat entitled "DOLPHIN RIDGE" recorded in Map Book 28, Page 228, and Lots 1 through 45 as shown on the plat entitled "ROYALL OAKS" recorded in Map Book 28, Page 229, Carteret County Register of Deeds Office;

W I T N E S S E T H :

WHEREAS, The Nassau Corporation (hereinafter called Declarant) is the developer of the Lots and Community Use Areas lying and being situate in Carteret County, North Carolina more particularly described as follows:

Lots:

Lots 1 through 86 and 92 through 121 as shown on the plat entitled "Dolphin Ridge" recorded in Map Book 28, Page 228, and Lots 1 through 45 as shown on the plat entitled "Royall Oaks" recorded in Map Book 28, Page 229, in the Carteret County Register of Deeds Office;

Community Use Areas:

That property described in Attachment A which is attached hereto and incorporated herein by reference together with the various easement rights granted herein; and,

WHEREAS, Declarant desires to develop a single family residential community with limited commercial use and intends by the recordation of this Declaration to impose certain covenants, conditions, restrictions and easements contained herein (hereinafter sometimes called Restrictions) on the property described herein as Lots and Community Use Areas to the end that the Lots and Community Use Areas shall be held subject to said Restrictions.

NOW, THEREFORE, Declarant does hereby declare that the Restrictions contained herein shall run with the Lots and Community Use Areas described herein; shall be a burden on and a benefit to such Lots and Community Use Areas; shall be binding on all parties having or acquiring any right, title, or interest in the Lots or any part thereof; and shall inure to the benefit of each Owner of any part thereof.

A.

Definitions

As used herein,

(1) "Articles" means the Articles of Incorporation of Dolphin Ridge and Royall Oaks Property Owners Association, Inc.

(2) "Board of Directors" means the Board of Directors of Dolphin Ridge and Royall Oaks Property Owners Association, Inc.

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(3) "Bylaws" means the Bylaws of Dolphin Ridge and Royall Oaks Property Owners Association, Inc.

(4) "Community Use Areas" means all real property (including the improvements thereto), interests in real property and personal property now owned or hereafter acquired by the Corporation for the common use and enjoyment of all of the Owners. The Community Uses Areas to be conveyed to and owned by the Corporation initially are the areas described in Attachment A which is attached hereto and incorporated herein by reference and the various easements described and granted herein. The Community Use Areas are subject to those easements and restrictions set forth in this instrument, including but not limited to, Article I hereof.

(5) "Corporation" means Dolphin Ridge and Royall Oaks Property Owners Association, Inc., its successors and assigns.

(6) "Declarant" means The Nassau Corporation or any successor corporation of The Nassau Corporation. In the event another Person acquires title to thirty (30) or more Lots on which no Dwelling has been constructed at the time of such acquisition, The Nassau Corporation by recorded instrument may designate such party as a Declarant and in such event such party shall be a Declarant as specified herein and as to such Lots shall be entitled to the same rights as The Nassau Corporation.

(7) "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements of Dolphin Ridge and Royall Oaks and any amendments hereto.

(8) "Dwelling" means a structure located on a Lot built in accordance with the requirements of this Declaration.

(9) "Eligible Mortgage Holder" means the holder of a first mortgage or first deed of trust on a Lot who has requested in writing that the Corporation notify them of any proposed amendment to the Declaration, the Articles, or the Bylaws.

(10) "Lot" means a separately numbered tract of land described above or hereinafter brought within the jurisdiction of the Corporation. At the present time, the Lots are numbered Lots 1 through 86 and 92 through 121 as shown on the plat entitled "Dolphin Ridge" recorded in Map Book 28, Page 228 and Lots 1 through 45 as shown on the plat entitled "Royall Oaks" recorded in Map Book 28, Page 229. As used herein, Lot shall not include Lots 87, 90 and 91 as shown on the Dolphin Ridge plat or Lot 46 as shown on the Royall Oaks plat unless they are subsequently annexed into the Subdivision and Corporation as hereinafter provided.

(11) "Owner" means the record Owner, whether one or more Persons, of a fee or undivided fee interest in a Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(12) "Person" or "Persons" means any individual, group of individuals, corporation, partnership or any other entity, including any combination thereof.

(13) "Recreational Areas" or "Recreation Areas" means those portions of the Community Use Areas which are to provide areas for Owners and their guests to engage in recreational activities and which are not necessary for ingress, egress or regress or utilities for any Lot or Owner.

(14) "Subdivision" means all of the property defined herein as Lots and Community Use Areas and such additions or annexations of Lots and Community Use Areas which may hereafter be brought within the jurisdiction of the Corporation.

B.

#### Membership

(1) A Corporation named Dolphin Ridge and Royall Oaks Property Owners Association, Inc. has been or will be formed under the direction of Declarant pursuant to the rules and requirements of the Nonprofit Corporation Act (Chapter 55A) of the General Statutes of North Carolina as an association of the Owners of Lots. Its purposes are to own, manage, maintain, and operate the Community Use Areas and facilities located upon the Community Use Areas, specifically including, but not limited to, the subdivision entrance signs, entrance walls, entrance gazebo, pond, street lights, retaining walls, cardgates, roads and other improvements and amenities in the Subdivision owned by the Corporation; to enforce the Restrictions contained herein; and to make and enforce rules and regulations governing the Owners' use and occupancy of Lots and Community Use Areas.

(2) The Declarant, by this Declaration, and the Owners of individual Lots by their acceptance of individual deeds thereto, covenant and agree with respect to the Corporation: (A) That for so long as each is an Owner, each will perform all acts necessary to remain in good and current standing as a member of the Corporation; and (B) That each shall be subject to the rules and regulations of the Corporation with regard to ownership of a Lot.

(3) Each membership in the Corporation shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot. The books and all supporting documentation of the Corporation, the Declaration, the Articles, the Bylaws, and all amendments thereto shall be available for examination by all Owners and their lenders or their lenders' agents during normal business hours at the principal office of the Corporation.

(4) The Corporation shall have one class of members. All Owners shall be members and they shall be entitled to one vote for each Lot owned; provided, however, when more than one Person holds an interest in any Lot, all such Persons shall hold the membership with regard to such Lot in undivided interests. The vote of such multiple Owners of a Lot shall be exercised as they, among themselves, shall determine, but in no event shall any fractional vote be counted or more than one vote be cast with respect to any Lot.

C.

#### Management and Administration

The management and administration of the affairs of the Community Use Areas shall be the sole right and responsibility of the Corporation. The Corporation shall be fully responsible for the maintenance, management and operation of the subdivision entrance signs, entrance walls, entrance gazebo, pond, street lights, retaining walls, cardgates, roads and other improvements and amenities in the Subdivision owned by the Corporation. The management shall be carried out in accordance with the terms and conditions of these Restrictions, the Articles and the Bylaws, but may be delegated or contracted to managers or management servicers.

D.

Community Expenses

The Community Expenses of the Subdivision include:

(1) All amounts expended by the Corporation in operating, administering, managing, repairing, replacing and improving the Community Use Areas specifically including, but not limited to, the subdivision entrance signs, entrance walls, entrance gazebo, pond, street lights, retaining walls, cardgates, roads and other improvements and amenities in the Subdivision owned by the Corporation; all amounts expended by the Corporation in insuring the Community Use Areas; all amounts expended by the Corporation in legal, engineering, or architectural fees; all similar fees which may be incurred by the Corporation from time to time in performing the functions delegated to the Corporation by these Restrictions; and all amounts expended in any form by the Corporation in enforcing these Restrictions, the Articles or the Bylaws.

(2) All amounts expended by the Corporation in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the Bylaws.

(3) All amounts declared to be Community Expenses in the Bylaws or in these Restrictions.

(4) All taxes and special assessments which may be levied from time to time by any governmental authority upon the Community Use Areas.

Notwithstanding any provision contained herein, no capital reserve fund shall be established for the periodic maintenance, repair and replacement of capital improvements in the Community Use Areas until after January 1, 1992, and then by action of the Board of Directors through assessments.

E.

Monthly General Assessments

A. Monthly General Assessments:

(1) The Declarant for each Lot owned hereby agrees, subject to the limitations provided herein, and each Owner of any Lot by acceptance of a deed for same (whether or not it shall be so expressed in such deed) is deemed to agree to pay to the Corporation monthly general assessments as hereinafter provided. The monthly general assessments, together with interest, costs and reasonable attorneys' fees, subject to the provisions of Section H of this Article, shall be a continuing lien upon the Lot against which each such assessment is made. Furthermore, each such monthly general assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent monthly general assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent monthly general assessments shall continue to be a lien upon such Lot. Provided however, no monthly general assessment shall be due until January 1, 1992.

(2) Until January 1, 1992, Declarant shall be responsible for paying all costs associated with the daily operation and maintenance of the Community Use Areas; provided, however, Declarant shall not be required to establish or place any funds in a capital reserve account to fund the periodic maintenance, repair or replacement of any capital improvements in the Community Use Areas. Subject to the limitations set forth herein, the Board of Directors shall establish and set the monthly general assessment per lot for each fiscal year beginning with the 1992 fiscal year; provided, however, the monthly general assessment for the 1992 fiscal year shall not exceed Sixty Dollars (\$60.00) per Lot.

(A) From and after January 1, 1993, the monthly general assessment may be increased each fiscal year not more than ten percent (10%) above the monthly general assessment for the previous fiscal year without any vote of the membership.

(B) From and after January 1, 1993, the monthly general assessment may be increased by an amount greater than ten percent (10%) of the monthly general assessment for the previous fiscal year provided the proposed increase is approved by a vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a duly called regular or special meeting provided notice was duly given that the issue would be considered at such meeting.

(C) Once the monthly general assessment has been set, notice of the monthly general assessment shall be given to all Owners by hand delivery or by placing written notice in the United States Postal Service with postage prepaid to the last address shown on the Corporation's records. After the initial notice of the assessment, no bills for such assessment will be forwarded to any Owner or member but such assessment thereafter shall become due and payable as provided by the Board of Directors.

B. Annual Budget:

(1) As provided in the Bylaws and subject to the restrictions and limitations provided herein, the Board of Directors shall establish an Annual Budget in advance for each fiscal year beginning with the 1992 fiscal year. Such budget shall project all expenses for the forthcoming fiscal year which may be required for the proper operation, management and maintenance of the Corporation and the Community Use Areas, including a reasonable allowance for contingencies and reserves. The budget shall take into account any projected or anticipated income. The Board of Directors shall keep separate, in accordance with Paragraph 3 of this Section, items relating to the daily operation, management and maintenance of the Corporation and Community Use Areas from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors, copies of said budget shall be delivered to each Owner and the monthly general assessment for said year shall be established, subject to the restrictions and limitations provided herein, based upon such budget; however, the non-delivery of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment.

Notwithstanding any other provisions contained herein, Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge shall not be subject to the monthly general assessments due on Lots. Provided, however, this exemption shall cease and terminate as to a particular Lot upon the Lot being conveyed by the Declarant by deed, lease or rental agreement (excluding mortgage or deed of trust or conveyance to another party who qualifies as a Declarant as described herein) unless the Declarant specifically provides in the deed, lease or rental agreement that the exemption should continue for such Lot. Upon termination of

the exemption on a particular Lot due to the transfer of the Lot by deed, lease or rental agreement, the Lot shall become subject to the monthly general assessment then being levied on other Lots beginning on the first day of the month following the transfer by deed, lease or rental agreement.

The Annual Budget shall be divided by the number of Lots subject to the monthly general assessments at the time of the annual meeting of the members and the quotient shall be the annual general assessment per Lot for the succeeding fiscal year. The annual general assessment shall then be divided by 12 to determine the monthly general assessment per Lot, subject to the limitations and restrictions set forth herein. In determining the number of Lots subject to the monthly general assessments, Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge shall not be counted until they are subjected to the assessments as provided herein.

(2) The Board of Directors, in establishing the Annual Budget, shall designate therein a sum to be collected and maintained as a reserve fund for the periodic maintenance, repair and replacement of capital improvements to the Community Use Areas, which Capital Improvement and Replacement Fund (Capital Improvement Fund) shall be for the purpose of enabling the Corporation to maintain, repair or replace structural elements and mechanical equipment constituting a part of the Community Use Areas as well as the replacement of personal property which may constitute a portion of the Community Use Areas. The amount to be allocated to the Capital Improvement Fund may be established by the Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for repair, maintenance and replacement of capital improvements to the Community Use Areas. The Capital Improvement Fund shall be maintained in a separate account by the Corporation and such monies shall be used only for periodic maintenance, repair and replacement of capital improvements to the Community Use Areas. The Capital Improvement Fund shall be maintained out of the monthly general assessments assessed against the members. Any interest earned on monies in the Capital Improvement Fund shall not be expended for daily operation, management and maintenance of the Corporation and Community Use Areas.

(3) All monies collected by the Corporation shall be treated as the separate property of the Corporation and such monies may be applied by the Corporation to the payment of any expense of operating and managing the Corporation, or the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws, except that monies placed in the Capital Improvement Fund shall be used only for the specified purposes of said account. As monies for assessments are paid into the Corporation by any Owner, the same may be commingled with monies paid to the Corporation by the other Owners for the same purposes. Although all funds, including other assets of the Corporation, and any increments thereto or profits derived therefrom or from the leasing or use of Community Use Areas, shall be held for the benefit of the members of the Corporation, no member of the Corporation shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When the Owner of a Lot shall cease to be a member of the Corporation by reason of his divestment of ownership of such Lot, by whatever means, the Corporation shall not be required to account to such Owner for any share of the funds or assets of the Corporation, including any monies which such Owner may have paid to the Corporation, as all monies which any Owner has paid to the Corporation shall be and constitute an asset of the Corporation which may be used in the operation and management of the Corporation.

C. Written notice of any regular or special meeting which will consider taking any action authorized under Paragraph 2B of Section A of this Article shall be



sent to all members not less than thirty (30) days, nor more than fifty (50) days, in advance of the meeting. At the first such meeting called, the presence of members and/or proxies entitled to cast sixty percent (60%) of all of the votes of the members entitled to vote on the matter shall be required for and shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

D. Monthly general assessments shall, except as otherwise provided herein, be fixed at a uniform rate for Lots. The exemption from the monthly general assessments for Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge shall terminate as to a particular Lot upon the Lot being conveyed by the Declarant by deed, lease or rental agreement (excluding mortgage or deed in trust or conveyance to another party who qualifies as a Declarant) unless the Declarant specifically provides in the deed, lease or rental agreement that the exceptions should continue for such Lot.

E. The monthly general assessments provided for herein shall commence as to all Lots, except Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge, on January 1, 1992. The monthly general assessments shall be payable monthly, with the due date for such payments being as established by the Board of Directors. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Corporation within thirty (30) days of the due date for such payment. When in default, the delinquent assessment shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permissible by law if such rate is less than ten percent (10%) per annum until such delinquent assessment and all interest due thereon has been paid in full.

F. The monthly general assessments levied by the Corporation shall be used exclusively to pay Community Expenses as provided in Article D and to promote the recreation, health, safety and welfare of the Owners and the improvement and maintenance of the Community Use Areas. Taxes, hazard insurance, and maintenance on Dwellings and Lots shall not be a purpose of said assessments but rather shall be an individual cost to be borne by each Owner.

G. The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the monthly general assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of monthly general assessments on a Lot is binding upon the Corporation as of the date of its issuance.

H. The lien of the monthly general assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any Lot shall not affect the monthly general assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage, first deed of trust or any proceeding in lieu thereof, shall extinguish the lien (but not the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due) of such monthly general assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any monthly general assessments thereafter becoming due or from the lien thereof.

Special Assessments

A. Special assessments may be levied against Lots for such reasons as are provided in these Restrictions, the Articles or the Bylaws, and on such terms as provided by the Board of Directors and the members. Upon a two-thirds (2/3) vote of the Directors on the Board of Directors and a two-thirds (2/3) vote of the members entitled to vote on the issue who are voting in person or by proxy at a duly called regular or special meeting, the Corporation may levy and impose special assessments on all Lots subject to special assessments. The purposes for which special assessments may be levied on all Lots include, but are not limited to, providing funds to pay Community Expenses which exceed the general assessment fund then on hand to pay same (specifically including the cost of any construction, reconstruction or repair or replacement of a capital improvement upon the Community Use Areas, including fixtures and personal property related thereto) and providing a contingency fund for capital improvements and extraordinary expenses. Furthermore, special assessments may be assessed against a specific Lot to pay for the cost of curing a violation of the Restrictions, including the failure of an Owner to maintain his Lot and prevent the unattractive growth of weeds or underbrush or the accumulation of rubbish on his Lot; provided, however, unless the violation is or creates a health hazard or other danger or risk, prior to the Corporation performing such task or remedy, the Corporation shall comply with the notice and hearing provisions specified in Article H and such special assessments may not be levied without a minimum of a two-thirds (2/3) vote of the Directors on the Board of Directors (levying special assessments on a specific Lot shall not require membership approval). Declarant specifically grants Corporation an easement over, upon and through any and all Lots for such purpose. Special assessments, together with interest, costs and reasonable attorneys' fees, subject to the provisions of Section E of this Article, shall be a continuing lien upon the Lot against which each such special assessment is made. Furthermore, each such special assessment, together with interest, court costs, and reasonable attorneys' fees, shall be the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent special assessments shall not pass to a successor in title to a Lot unless expressly assumed by them but, subject to the provisions of this Declaration, delinquent special assessments shall continue to be a lien upon such Lot.

Notwithstanding any provisions contained herein, Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge shall not be subject to special assessments; provided, however, this exemption shall terminate as to a particular Lot upon the Lot being conveyed by the Declarant by deed, lease or rental agreement (excluding mortgage, deed of trust or conveyance to another party who qualifies as a Declarant as described herein) unless the Declarant specifically provides in the deed, lease or rental agreement that the exemption should continue for such Lot. Upon termination of the exemption on a particular Lot due to the transfer of the Lot by deed, lease or rental agreement, the Lot shall become subject to the special assessments then being levied on other Lots beginning on the first day of the month following the transfer by deed, lease or rental agreement.

B. Written notice of any regular or special meeting of the members which will consider levying and imposing special assessments on all Lots shall be sent to all members entitled to vote on the issue not less than thirty (30) days, nor more than fifty (50) days, in advance of the meeting. At the first such meeting called, the presence of members and/or proxies entitled to cast sixty percent (60%) of all the votes of the members entitled to vote on the issue shall be required for and shall constitute a quorum. If the required quorum is not present, another meeting may be called subject



to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

C. Special assessments shall, except as otherwise provided herein, be fixed at a uniform rate for all Lots. Leaving Lots in their natural state shall not be a violation of this Declaration. The exemption from the special assessments for Lots 1, 2, 5, 18, 20, 21, 22, 23 and 39 in Royall Oaks and Lots 9, 11, 12, 15, 93, 98 and 113 in Dolphin Ridge shall terminate as to a particular Lot upon the Lot being conveyed by the Declarant by deed, lease or rental agreement (excluding mortgage or deed of trust or conveyance to another party who qualifies as a Declarant) unless the Declarant specifically provides in the deed, lease or rental agreement that the exemption should continue for such Lot.

D. The Corporation shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Corporation setting forth whether the special assessments on a specified Lot have been paid. A properly executed certificate of the Corporation as to the status of special assessments on a Lot is binding upon the Corporation as of the date of its issuance.

E. The lien of the special assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any Lot shall not affect the special assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage, first deed of trust, or any proceeding in lieu thereof, shall extinguish the lien (but not the personal obligation of the Person who was the Owner of the Lot at the time the assessment fell due) of such special assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any special assessments thereafter becoming due or from the lien thereof.

F. When in default, the delinquent special assessments shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permissible by law if such rate is less than ten percent (10%) per annum until such delinquent special assessment and all interest due thereon has been paid in full.

G.

#### Lien for Assessments

Any monthly general or special assessment, together with interest at the rate specified herein, costs of collection, court costs, and reasonable attorneys' fees, shall constitute a lien against the Lot upon which such assessment is levied. If such assessment is not paid within thirty (30) days after the date such assessment is due, the Corporation may record notice of the same in the Office of the Clerk of Superior Court of Carteret County or file a suit to collect such delinquent assessments and charges. The Corporation may file Notice of Lis Pendens, bring an action at law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein.

Compliance With This Declaration,

The Articles and The Bylaws of the Corporation

In the case of failure of an Owner to comply with the terms and provisions contained in these Restrictions, the Articles or the Bylaws, the following relief shall be available:

(1) The Corporation or an aggrieved Owner on his behalf shall have the right to bring an action and recover sums due, damages, injunctive relief, and/or such other and further relief as may be just and appropriate.

(2) If the violation is the failure to maintain the Lot and prevent the unattractive growth of weeds or underbrush or the accumulation of rubbish on a Lot, the Corporation, upon compliance with the notice and hearing provisions specified herein, shall have the right to remedy the violation and assess the costs of remedying same against the offending Owner and Lot as a special assessment. Provided, however, the Corporation shall not alter or demolish any items of construction without prior court approval; provided, however, signs, mailboxes and other items of similar size, which are in violation of these Restrictions may be taken down without prior court approval.

(3) If the violation is the nonpayment of any monthly general or special assessment, upon compliance with the notice and hearing provisions specified herein and in accordance with the Bylaws, the Corporation shall have the right to suspend the offending Owner's voting rights.

(4) The remedies provided by this Article are cumulative and are in addition to any other remedies provided by law.

(5) The failure of the Corporation or any Person to enforce any restriction contained in these Restrictions, the Articles or the Bylaws shall not be deemed a waiver of the right to enforce such restrictions thereafter as to the same violation or subsequent violation of similar character.

(6) (a) Notice. In the event the Declaration, a rule or restriction contained in the Declaration or Bylaws, or a rule or regulation adopted pursuant thereto is violated (including nonpayment of assessments), the Board of Directors shall serve the violator and Owner with written notice personally delivered or sent by certified mail return receipt requested to the violator and the Owner (at the Lot address or at any other address or addresses that the Owner may have designated to the Corporation in writing), which shall contain: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a statement that the violator and Owner may challenge the fact of the occurrence of a violation, the proposed sanction, or both; (iv) the name and address of a person to notify in writing to challenge the proposed action; and (v) a statement that the proposed sanction shall be imposed as contained in the notice unless a written challenge is received by the Board of Directors as specified in the notice within the time period specified therein, which period shall be ten (10) days from the date of the notice unless the violation presents an ongoing health hazard, nuisance or other danger or risk, in which case the time period shall be as reasonable as possible under the circumstances. If a challenge is not made, the sanction shall not be imposed until expiration of the challenge period.

(b) Hearing. If the alleged violator or Owner challenges the proposed action within the time period allowed, a hearing before the Board of Directors shall be held in executive session affording the alleged violator and Owner a reasonable opportunity to be heard. The hearing shall be set and notice of the time, date (which shall not be less than ten (10) days from the giving of notice unless the violation presents an ongoing health hazard, nuisance or other danger or risk, in which case the notice shall be as reasonable as possible under the circumstances), and place of the hearing and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violator and Owner. Prior to the effectiveness of any sanction hereunder, proof of notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with the return receipt from the Postal Service or an affidavit of personal delivery, is submitted to the Board of Directors at the beginning of the hearing. The notice requirement shall be deemed satisfied if the violator or Owner appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. Any sanction which will impose a special assessment against a Lot and an Owner shall require a two-thirds (2/3) vote of the Directors on the Board of Directors.

(c) Additional Enforcement Rights. Notwithstanding any other provisions in the Declaration or the Bylaws to the contrary, the Corporation, acting through its Board of Directors, may elect to enforce any provision of the Declaration, the Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and the removing of signs, mailboxes and other items of similar size which are in violation of these Restrictions) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth above. In any lawsuit, to the maximum extent permissible, the Owner or occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred, if the court holds for the Corporation.

(7) Notwithstanding any provisions contained herein, violations of these Restrictions which create a health hazard or dangerous situation in the subdivision may be remedied by the Corporation without prior notice and hearing.

I.

Property Rights of Lot Owners,

Cross-Easements, and Exceptions

and Reservations by Declarant

(1) Every Owner of a Lot as an appurtenance to such Lot shall have a non-exclusive perpetual easement over and upon the Community Use Areas for each and every purpose or use to which such Community Use Areas were intended as determined by their type or for which such Community Use Areas generally are used. Such easements and rights shall be appurtenant to and shall pass with the title to every Lot, whether or not specifically included in a deed thereto, subject to the restrictions and limitations contained herein, including but not limited to, the following provisions:

(A) The Corporation shall have the right to make reasonable rules and regulations respecting the use of same.

(B) The Corporation shall have the right, upon compliance with the notice and hearing provisions specified herein, to suspend the voting rights of an Owner during which any due assessment against such Owner's Lot remains unpaid as is provided in Article H hereof, and for a period not to exceed sixty (60) days for any infraction of its rules and regulations.

(C) The Corporation shall have the right to restrict and assign parking in the Community Use Areas and to make reasonable rules respecting parking in the Community Use Areas.

(D) The Corporation shall have the right to sell, dedicate or transfer fee simple title to all or any part of the Community Use Areas to any party, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided, however, no such sale, dedication or transfer shall be effective unless an instrument agreeing to such sale, dedication or transfer signed by two-thirds of the members has been recorded in the Carteret County Register of Deeds Office.

(2) The Corporation hereinafter may grant easements for utility purposes for the benefit of the Subdivision and the Lots now or hereafter located therein, over, under, along and through any Community Use Area.

(3) Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Community Use Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the Lot.

(4) Easements for the installation and maintenance of utilities and drainage facilities as shown on the recorded plats are hereby reserved and retained by Declarant, together with the right to grant similar easement rights to other Persons. Declarant also reserves a non-exclusive perpetual easement 5 feet in width along all Lot lines for drainage and utility purposes. No structure, fence, planting, or other material which may interfere with the installation and maintenance of utilities, which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements may be placed in the easement areas without prior approval by the Committee. Structures, fences, plantings and other materials which have been approved by the Committee may be placed in the easement areas. The Committee may deny placement of structures, fences, plantings or other materials in the easement areas if they would adversely affect the drainage or utilities of the Subdivision.

(5) Declarant reserves the right to subject the Lots to a contract with Carteret-Craven Electric Membership Corporation or any other public utility or municipality for electricity and lighting to the Lots, including the installation of underground electric cables, which contract may require an initial payment and/or continuing monthly payments to Carteret-Craven Electric Membership Corporation or any other public utility or municipality by the Owner of each Lot. Such expense, including both initial and continuing monthly payments, shall be an individual cost to be borne by each individual Lot Owner and is not covered by the monthly general assessments.

(6) Declarant reserves the right to subject the Lots to a contract with Carteret-Craven Electric Membership Corporation or any other public utility or municipality for street lights for the Community Use Areas which contract may require an initial payment and/or continuing monthly payments to Carteret-Craven Electric Membership Corporation or any other public utility or municipality. Such expense is included in the monthly general assessments.

(7) Each Owner, as an appurtenance to his Lot, shall have and is hereby conveyed a perpetual, non-exclusive right of way and easement for the purposes of ingress, egress and regress to and from said Lot over, through and across the streets and roads shown on the Subdivision plats.

(8) Declarant hereby retains and reserves for itself, together with the right to grant similar easements to other Persons, perpetual non-exclusive general access and utility easements over, upon and under the streets, roads, utility lines, and drainage and utility easements presently existing in the Subdivision and/or shown on the Subdivision plats. Such easements are non-exclusive and are for the purpose of providing utilities and access to property in the Subdivision area, including but not limited to Lot 46 in Royall Oaks and Lots 87, 90 and 91 in Dolphin Ridge. Said easements shall run to the benefit of all parties and property to whom Declarant grants similar easements and may be used by the tenant, owner, guests, invitees, licensees and employees of the tenant and owner of any such property. Reference to access easements throughout this Declaration shall be interpreted to include perpetual non-exclusive general access and utility easements for ingress, egress, regress, access and the maintenance and installation of utilities.

(9) An easement is hereby granted to the Corporation, its employees and designees to make any reasonable entry onto a Lot upon not less than 24 hours notice to the Owner thereof for the purpose of performing any maintenance, repair, alteration or inspection. An easement is granted to the Corporation, its employees and designees, to make any reasonable entry onto any Lot without notice to the Owner thereof in the event of any emergency.

(10) Each Lot Owner is responsible for payment of the ad valorem taxes levied upon his Lot and any personal property located thereon.

(11) Lots which abut Bogue Sound shall run to the mean highwater mark of Bogue Sound. Lots which abut the Atlantic Ocean shall run to the mean highwater mark of the Atlantic Ocean.

(12) Declarant retains and reserves a perpetual easement over and under the streets depicted as Lord Berkeley Drive, Clarendon Drive, Ashley Place, Heath Place, Granville Drive, Dolphin Ridge Road, Sandy Court, Spinnaker Place, Green Glen Court, Green Glen Road, Poseidon Road, Poseidon Court, Calypso Court and Outrigger Court on the plats recorded in Map Book 28, Page 228 and Map Book 28, Page 229 for the purpose of installing, maintaining, and repairing power lines, light poles, light fixtures and other apparatus necessary for a street light system for Dolphin Ridge and Royall Oaks.

(13) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual easement over and under the streets depicted as Lord Berkeley Drive, Clarendon Drive, Ashley Place, Heath Place, Granville Drive, Dolphin Ridge Road, Sandy Court, Spinnaker Place, Green Glen Court, Green Glen Road, Poseidon Road, Poseidon Court, Calypso Court and Outrigger Court on the plats recorded in Map Book 28, Page 228, and Map Book 28, Page 229 for the purpose of installing, maintaining, and repairing sewer lines to service property in the Subdivision area.

(14) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual easement fifteen (15) feet in width measured from the street right of way and lying outside of but adjacent to the street right of way over, under and upon that fifteen (15) feet portion of all of the



Lots in the Subdivision adjacent to streets in the Subdivision for the purpose of installing, maintaining, and repairing underground sewer lines to service property in the Subdivision area.

(15) Declarant retains and reserves for itself, together with the right to grant to any other Person, a perpetual easement twenty (20) feet in width over, under and upon Lots 8 and 9 in Dolphin Ridge for the purpose of installing, maintaining, and repairing underground sewer lines to service property in the Subdivision area, the centerline of said easement being more particularly described as follows: Beginning at a point in the northern right of way line of the cul-de-sac at the end of Poseidon Road, said point being the southwestern corner of Lot 9 and the southeastern corner of Lot 8 as shown on the Dolphin Ridge plat. Thence North 20° 45' 17" East to the southern right of way line of Coast Guard Road. Ten (10) feet of said easement being located on Lot 8 and ten (10) feet of said easement being located on Lot 9 in Dolphin Ridge.

(16) Declarant retains and reserves an exclusive perpetual easement sixteen (16) feet in width over and upon the "16' Private Walkway Easement" over and upon Lots 82 and 83 in Dolphin Ridge as shown on the Dolphin Ridge plat for the purpose of providing access to and from the beach and the Atlantic Ocean from and to Lot 87 in Dolphin Ridge and the easement shall run to the benefit of and be an appurtenance to Lot 87 in Dolphin Ridge. The easement may be used by the Owner and tenant of Lot 87 in Dolphin Ridge and all of their employees, guests, invitees, and licensees. This easement shall be appurtenant to and shall run with Lot No. 87 in Dolphin Ridge and be a burden on Lots 82 and 83 in Dolphin Ridge.

(17) Declarant retains and reserves and also grants to Corporation a non-exclusive perpetual easement over and upon Lots 1, 23, 24, 108, 114, 115, 118 and 119 in Dolphin Ridge to maintain, repair and replace the retaining walls presently constructed thereon, said easements being twenty (20) feet in width adjacent to and along the front property lines of the aforesaid Lots except for Lots 118 and 119 where the easement shall be thirty (30) feet in width adjacent to and along the front property lines of Lots 118 and 119.

(18) Declarant retains and reserves a perpetual non-exclusive easement for ingress, egress and regress for pedestrian and motor vehicle traffic to and from Coast Guard Road from and to Lots 87, 90 and 91 in Dolphin Ridge over and upon Dolphin Ridge Road together with the right to get through the cardgate erected on Dolphin Ridge Road with the same ease Lot Owners enjoy. This easement shall be appurtenant to Lots 87, 90 and 91 in Dolphin Ridge and shall run to the benefit of said Lots and to the Owner and tenant of such Lots and all of their employees, guests, licensees and invitees.

(19) Declarant retains and reserves a perpetual non-exclusive easement for ingress, egress and regress for pedestrian and motor vehicle traffic to and from Coast Guard Road from and to Lot 46 in Royall Oaks over and upon Lord Berkeley Drive together with the right to get through the cardgate erected on Lord Berkeley Drive with the same ease Lot Owners enjoy. This easement shall be appurtenant to Lot 46 in Royall Oaks and shall run to the benefit of said Lots and to the Owner and tenant of such Lots and all of their employees, guests, licensees and invitees.

(20) All wetlands areas which exist on the Lots are subject to a perpetual non-exclusive easement which runs to the benefit of all other Lots and areas in the Subdivisions for the drainage of surface water from the Lots through the wetlands areas located on the Lots; provided, however, such easement shall not allow the drainage of surface water which would result in additional areas of the Lot becoming "wet" or which substantially interferes with the enjoyment of the Lot by the Owner or occupant.



Substantial interference includes, but is not limited to, causing erosion on the Lot which threatens support pilings of structures or the base or surface of driveways or roads in the Subdivision.

(21) All oceanfront Lots are subject to the rights of the public in general in and to the "sandy beach" areas adjacent to the Atlantic Ocean granted by the laws of North Carolina and the United States of America.

(22) Declarant retains and reserves and grants to Corporation a perpetual right of way easement five feet (5') in width for the expansion, widening, construction, maintenance, and repair of the roads within the Subdivision, said easement being measured from the right of way line of the streets shown and depicted on the aforesaid plats of Dolphin Ridge and Royall Oaks.

(23) Lots 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, and 34 of Royall Oaks are subject to the easement granted or to be granted by the Declarant to the Town of Emerald Isle to drain storm water from Coast Guard Road through the wetlands areas of said Lots.

(24) Declarant retains and reserves and grants to Corporation a ten feet (10') in width nonexclusive perpetual easement over, upon and under that portion of Lot 38 in Dolphin Ridge as hereinafter described, for the purpose of installing, maintaining, repairing and replacing drainage facilities to serve the Subdivision and property in the Subdivision area. The centerline of the easement is more particularly described as follows: Beginning at a point in the eastern right of way line of Dolphin Ridge Road which is located 38.5 feet along Dolphin Ridge Road in a southerly direction from the northwestern corner of Lot 38 in Dolphin Ridge. Thence running North  $81^{\circ} 21' 11''$  East 40 feet. Said easement extending five (5) feet on each side of the centerline.

(25) Declarant retains and reserves and grants to Corporation an exclusive perpetual easement for the location, construction, repair and replacement of signs, including the "Dolphin Ridge" subdivision entrance sign, and the maintenance and replacement of a landscaped area over, under and upon that portion of Lot 1 consisting of an area at the northwestern corner of Lot 1, which is more particularly described as follows: Beginning at a point in the eastern right of way line of Dolphin Ridge Road, said point being the point where the eastern right of way line of Dolphin Ridge Road intersects the southern right of way line of Coast Guard Road (said point being located 128.65 feet along Coast Guard Road in a northwesterly direction from the common corner of Lots 1 and 2 in Dolphin Ridge). Thence along and with Dolphin Ridge Road in a southwesterly direction along a curve to the left having a radius of 50 feet, a delta angle of  $103^{\circ} 38' 04''$ , an arc length of 90.44 feet; thence South  $64^{\circ} 31' 18''$  East 50 feet; thence North  $39^{\circ} 06' 46''$  East 50 feet to the point of beginning.

(26) Declarant retains and reserves and grants to Corporation an exclusive perpetual easement for the location, construction, repair and replacement of signs, including the "Dolphin Ridge" subdivision entrance sign, and the maintenance and replacement of a landscaped area over, under and upon that portion of Lot 121 consisting of an area at the northeastern corner of Lot 121, which is more particularly described as follows: Beginning at a point in the western right of way line of Dolphin Ridge Road, said point being the point where the western right of way line of Dolphin Ridge Road intersects the southern right of way line of Coast Guard Road (said point being located 26.31 feet along Coast Guard Road in a southeasterly direction from the common corner of Lots 120 and 121 in Dolphin Ridge). Thence along and with Dolphin Ridge Road in a southeasterly direction along a curve to the right having a radius of 50 feet, a delta angle of  $81^{\circ} 59' 53''$ , an arc length of 71.56 feet; thence North  $52^{\circ} 41' 12''$  West

50.00 feet to a point; thence North 45° 18' 55" East 50.00 feet to the point of beginning.

(27) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual easement for the purpose of installing, maintaining, and repairing underground sewer lines to service property in the Subdivision area over, under and upon that portion of Lots 18 and 19 in Royall Oaks more particularly described as follows: Beginning at a point in the northern right of way line of the cul-de-sac at the end of Lord Berkeley Drive, said point being a common corner between Lots 19 and 20 in Royall Oaks. Thence from said point of beginning so located South 85° 28' 02" East 99.58 feet to a common corner between Lots 18 and 19; thence South 81° 52' 42" East 77.17 feet to a point in the eastern property line of Lot 18; thence South 5° 30' East 20.00 feet to the southeastern corner of Lot 18; thence South 86° 15' 21" West 149.43 feet to a point in the eastern right of way line of Lord Berkeley Drive; thence along and with the eastern right of way line of Lord Berkeley Drive in a northwesterly direction to the point of beginning.

(28) Declarant retains and reserves for and as appurtenance to Lot 18 in Royall Oaks a perpetual nonexclusive easement for ingress, egress, regress and the maintenance and installation of utilities to and from Lord Berkeley Drive from and to Lot 18 over, under and upon that portion of Lot 19 more particularly described as follows: Beginning at a point in the northern right of way line of the cul-de-sac at the end of Lord Berkeley Drive, said point being a common corner between Lots 19 and 20 in Royall Oaks. Thence from said point of beginning so located South 85° 28' 02" East 99.58 feet to a common corner between Lots 18 and 19; thence South 81° 39' 46" West 77.17 feet to a point in the eastern right of way line of Lord Berkeley Drive; thence along and with the eastern right of way line of Lord Berkeley Drive in a northwesterly direction to the point of beginning.

(29) Declarant retains and reserves and grants to Corporation a nonexclusive perpetual easement over, under and upon those portions of Lots 22, 23 and 24 in Royall Oaks which are covered by the pond for the purpose of maintaining the pond.

(30) Lots 35, 36, 37, 38, 43, 44, and 45 in Royall Oaks and Lots 1, 2, 5, 6, 7, 8, 9, 116, 117, 118, 119, 120 and 121 in Dolphin Ridge are subject to the 25' Buffer strip as shown on the recorded plats. The Buffer strip shall remain vegetated to create a buffer between Coast Guard Road and the Lots and no construction shall occur within the 25' Buffer strip with the exception of the subdivision entrance signs. No Lot shall be accessed directly from Coast Guard Road over the 25' Buffer strip shown on the plats.

(31) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual easement for the purpose of installing, maintaining and repairing underground sewer lines to service property in the Subdivision area over, under and upon the area depicted as "20' Utility Easement" on the Royall Oaks plat, which area is located adjacent to the southern line of Lot 5 in Royall Oaks.

(32) Declarant reserves the right to direct and control the maintenance of the subdivision entrances, including the plantings surrounding the entrance and the entrance signs, until Declarant releases such control to the Corporation.

(33) Declarant retains and reserves for and as an appurtenance to Lot 87 in Dolphin Ridge a perpetual exclusive easement for the installation, repair and replacement of a landscaped area five (5) feet in width along the rear lot lines of Lots 83, 84, 85 and 86 in Dolphin Ridge.

(34) Declarant grants to Bogue Banks Water and Sewer Corporation a nonexclusive easement over, under and upon the streets shown and depicted on the Dolphin Ridge and Royall Oaks plats for the purpose of installing, maintaining and repairing underground water lines to provide water service to the Lots and property in the Subdivision area.

(35) Declarant grants to Carteret-Craven Electric Membership Corporation a nonexclusive easement over, under and upon the streets shown and depicted on the Dolphin Ridge and Royall Oaks plats and that portion of the Lots lying within ten (10) feet of the street right of ways on said plats for the purpose of installing, maintaining and repairing underground electric lines to provide electricity to the Lots and property in the Subdivision area.

(36) Declarant grants to Carolina Telephone and Telegraph Company a nonexclusive easement over, under and upon the streets shown and depicted on the Dolphin Ridge and Royall Oaks plats for the purpose of installing, maintaining and repairing underground telephone lines to provide telephone service to the Lots and property in the Subdivision area.

(37) Declarant retains and reserves for itself, together with the right to grant a similar easement to any other Person, a perpetual nonexclusive easement for drainage and utility purposes, including water, sewer and electric purposes, over, under and upon the areas depicted as "20' Utility Easement" on the Dolphin Ridge plat which affect Lots 9 and 10 in Dolphin Ridge, Lot 63 and 64 in Dolphin Ridge and Lots 82 and 83 in Dolphin Ridge and the areas depicted as "20' Utility Easement" on the Royall Oaks plat which affect Lot 18 in Royall Oaks and the area south of Lot 5 in Royall Oaks.

J.

#### Architectural Control and Architectural Restrictions

(1) The Architectural Control Committee ("Committee") shall be comprised of three (3) persons. Any natural person may serve as a member of the Committee. Until January 1, 1999, Declarant shall have the right to appoint and remove the three (3) members of the Committee with or without cause. After January 1, 1999, the Board of Directors shall have the right to appoint and remove members of the Committee with or without cause.

(2) Before any lot clearing, grading or any structure, fence, building, wall, pier, bulkhead, dock, walkway, mailbox, paper box, sign, trash can holder, piling or any improvement, replacement or addition to any of same shall be commenced, erected, or maintained upon any Lot or appurtenant to any Lot in Bogue Sound adjacent to any Lot, or upon any Community Use Area and before any alteration (excluding painting) of the exterior portion of any structure located upon the Lots or the Community Use Areas and before any alteration of the surface of any Lot or area appurtenant to any Lot in the Subdivision shall be commenced (except as shall be undertaken by the Declarant or the Corporation itself), the person desiring to make such changes or erections shall submit and have approved by the Committee plans and specifications detailing the changes and erections. The plans and specifications must show the structure, kind, shape, height, material and location of the changes or erections. Applications to the Committee shall include two (2) complete sets of the final plans and specifications for any and all proposed improvements and other information requested by the Committee on its application forms and shall be (1) hand delivered to the current president of the Corporation, or (2) mailed certified or registered with return receipt requested to the registered office of the Corporation and marked to the attention of the Committee. The

Committee shall approve or disapprove such plans within thirty (30) days of receipt thereof. One set of plans and specifications with the approval or disapproval of the Committee shall be returned to the party submitting them and the other copy shall be retained by the Committee for its permanent files. All driveway or culvert pipes must be approved by the Committee prior to their installation and once approved, shall be installed pursuant to the method approved by the Committee. All septic tanks shall be constructed and installed pursuant to plans approved by the Carteret County Health Department. No tent, awning, netting, canopy or other lightweight shelter may be erected or placed on a Lot without the prior consent of the Committee. Cedar shake, slate and clay tile shingles are preferred and are the only type of shingles permitted on Lots 47 through 86 in Dolphin Ridge. Except for Lots 47 through 86 in Dolphin Ridge where asphalt shingles are completely prohibited, asphalt shingles will be permitted on other Lots only if they are of a quality comparable to or better than "Timberline" quality asphalt shingles. Except for certain exceptions as described in Article L, all driveways must be paved and must be constructed of concrete or other substances, such as brick pavers, approved by the Committee. Asphalt driveways are prohibited. All signs, except those erected by Declarant, must be sandblasted or routed. Standard real estate signs are prohibited.

(3) The Committee shall make its decision approving or disapproving the plans by taking into consideration the nature of the Subdivision, the aesthetics of the proposed changes or alterations, the harmony of the proposed change or erection with the architectural style of neighboring buildings, durability of construction, relative costs, and protection of the investment of the Owners of other Lots in the Subdivision. Submission of incomplete or inaccurate plans and specifications shall result in disapproval. The decisions of the Committee shall be final and not subject to appeal or review. The Committee does not have to hold formal meetings and the decision of any two members of the Committee shall be the decision of the Committee.

(4) If the Committee fails either to approve or disapprove any plans so submitted within thirty (30) days of their submission, the plans will be deemed approved.

(5) Neither the Committee nor any agent of the Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions or any structural or other defect in any work done according to such plans and specifications.

(6) The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is complete, and any subsequent purchaser thereof is in no way affected by the failure of his predecessors in title to comply with the terms hereof.

K.

#### Insurance

(1) The Corporation shall purchase and maintain, if available at a reasonable cost, hazard insurance against loss or damage by fire and similar perils for all improvements and fixtures owned by the Corporation located on Community Use Areas, including personal property of the Corporation. The insurance, if available at a reasonable cost, shall cover at least ninety percent (90%) of the current replacement costs of the improvements and fixtures as determined by the Corporation with the assistance of the insurance company providing coverage or consultant selected by the Board of Directors. Coverage may exclude land, foundations, excavations, or other items

that are usually excluded from insurance coverage. The insurance policy shall require that the insurer notify the Corporation in writing at least ten (10) days prior to any substantial change in coverage or cancellation. The insurance policy shall also contain clauses providing for waiver of subrogation.

(2) If the property of the Corporation is located within a special flood hazard area, the Corporation may purchase and maintain flood insurance in amounts it deems necessary. Any such policy shall require the insurer to notify the Corporation in writing at least ten (10) days prior to cancellation or any substantial change in the coverage.

(3) The Corporation shall purchase and maintain at all times a comprehensive general liability insurance policy covering all Community Use Areas and any other areas that are under its supervision. The liability insurance shall insure against liability to the public or to Owners, their tenants, guests or invitees, relating in any way to the ownership, operation, maintenance and/or use of the Community Use Areas, and any part thereof, and any other areas under the Corporation's supervision. Such insurance policy shall, if reasonably available, contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of an Owner because of the negligent acts of the Corporation or other Owners. Limits of liability shall be at least One Million Dollars (\$1,000,000) covering all claims for bodily injury and/or property damage arising out of a single occurrence. Coverage under this policy shall include, if available and economically feasible, legal liability arising out of losses related to employment contracts of the Corporation. The policy shall require the insurer to notify the Corporation in writing at least 10 days before the insurer cancels or substantially changes the coverage.

(4) Fidelity bonds or insurance coverage against dishonest acts on the part of such persons (including by way of illustration and not limitation, Corporation members, officers, directors, managers, agents, employees and volunteers) handling or responsible for funds belonging to or administered by the Corporation may be maintained by the Corporation if deemed necessary. In the event the Corporation has delegated some or all of the responsibility for handling of funds to a management agent, such bonds or insurance coverage may include officers, employees and agents of such management agent. Any such fidelity bond or insurance shall name the Corporation as the named insured. Any such policy shall contain a provision providing that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Corporation and all Eligible Mortgage Holders.

(5) Each Owner shall be responsible for obtaining and shall pay the cost of any hazard insurance against fire and similar perils including flood on such Owner's Dwelling, personal property, fixtures and appliances. Each Owner shall be responsible for purchasing and maintaining liability insurance covering his Lot and Dwelling.

(6) If any Dwelling located on a Lot is destroyed by fire or other casualty, all rubbish and debris shall be removed with promptness after such fire or other casualty. In no event shall debris or rubbish remain on a Lot longer than two (2) months after such fire or other casualty. Provided, however, no such removal or demolition shall be required if prohibited by court order or if a legal or insurance investigation concerning such fire or casualty is ongoing.

Restrictions on Use and Occupancy

(1) The division of Lots is permissible provided that: (a) the number of Lots in the Subdivision is not increased (i.e. portions of Lots are combined with other Lots or other portions of Lots to form a new Lot); and, (b) the resultant Lots each have an area which is equal to or exceeds 12,500 square feet. Any Lot which is created by the combination of one or more Lots or portions thereof shall only be considered one Lot under these Restrictions notwithstanding the fact that it may contain more than one Lot; provided, however, if the resulting Lot results in a reduction in the number of Lots in the subdivision, the resulting Lot or Lots shall be entitled to a proportionate share of the impervious surface allowance provided for the Lot which has been deleted. Any drainage or utility easement which runs along the side lot lines of a Lot shall automatically be relocated to the new side lot lines of any new or resultant Lot. If the drainage or utility easement is already in use, the Owner combining the Lots shall pay for the relocation of such drainage or utility easements and the lines and pipes using such. No Lot shall be used except for single family residential purposes and no structure shall be erected on any Lot other than one single family residence and other approved structures which are appurtenant to the single family residence. Provided, however, the restriction on the use of the Lots for single family residential purposes shall not prohibit the use of the Lot for an "incidental home occupation" as defined herein. Incidental home occupation shall mean any use conducted entirely within a Dwelling on a Lot which:

- A. is carried on by the occupants thereof;
- B. is clearly incidental and secondary to the use of the Dwelling for dwelling purposes;
- C. does not change the character of the Dwelling; and
- D. is subject to the following restrictions:
  - (i) There is no display upon the Lot or Dwelling indicating such home occupation;
  - (ii) No more than one person not a resident on the Lot is employed specifically in connection with the home occupation; and,
  - (iii) No more than 25% of the floor area of the Dwelling is devoted to such incidental home occupation.

Furthermore, all Lots may be used for the construction of septic systems necessary to service other Lots in the Subdivision.

(2) A. Every residential dwelling constructed on Lots 56 through Lot 86 in Dolphin Ridge shall contain not less than 1,400 square feet of enclosed heated area (exclusive of garages and open porches).

B. Every residential dwelling constructed on Lots 1 through 55 and Lots 92 through 121 in Dolphin Ridge shall contain not less than 1,200 square feet of enclosed heated area (exclusive of garages and open porches).

C. Every residential dwelling constructed on Lots 18 through 34 in Royall Oaks shall contain not less than 1,400 square feet of enclosed heated area (exclusive of garages and open porches).

D. Every residential dwelling constructed on Lots 1 through 17 and 35 through 45 in Royall Oaks shall contain not less than 1,000 square feet of enclosed heated area (exclusive of garages and open porches).



(3) Appurtenant structures shall be permitted subject to approval by the Committee. Appurtenant structures shall be of like materials, construction methods and techniques as the residential dwelling. Appurtenant structures shall not be allowed if they are made of metal, tin or aluminum. No appurtenant structures shall be permitted on a Lot until a Dwelling has been constructed on a Lot.

(4) No fences shall be permitted on any Lot unless approved by the Committee.

(5) An Owner may lease or sublease his Lot at any time and from time to time provided that the lease agreement provides that the rights of any lessee or sublessee of the Lot shall be subject to, and each such lessee or sublessee shall be bound by the provisions set forth in this Declaration, the Bylaws and the rules and regulations of the Subdivision; provided, however, the foregoing shall not impose any direct liability on any lessee or sublessee of a Lot to pay any monthly general or special assessments on behalf of the Owner.

(6) Without the prior written consent of the Committee, nothing shall be done or kept in any Dwelling or on any Lot which will substantially increase the rate of insurance applicable to similar buildings. No Owner shall permit anything to be done or kept in his Dwelling or on his Lot which will result in the cancellation of insurance on his Dwelling or of that of any of his neighbors. No waste may occur in the Community Use Areas.

(7) All motor vehicles of any type kept within the Subdivision shall have current registration and inspection certificates. The only motor vehicles which shall be allowed to remain overnight on the Lots are automobiles, pick-up trucks, vans, stepvans, boats, motorcycles, motor homes, campers, and recreational vehicles. Provided, however, to be permitted in the Subdivision, boats, motor homes, campers and recreational vehicles must be parked in the rear yard of a Lot. Except for trucks used in the construction of a dwelling which are not left on a Lot for more than seventy-two (72) hours, no trucks or other motor vehicles in excess of a three-quarter-ton load capacity shall be parked or kept overnight or longer within the Subdivision. Notwithstanding any provisions contained herein, no motor vehicles, boats, motor homes, campers or recreational vehicles may be parked or stored on a Lot until a Dwelling has been constructed on the Lot except for trucks and automobiles being used in construction of the Dwelling as otherwise permitted herein. No stripped, partially wrecked, or junked motor vehicles or any part thereof shall be permitted to be parked or kept on any Lot or on the Community Use Areas.

(8) No signs of any kind shall be displayed to the public view on any Lot except: a) signs used by the Declarant or its agent to advertise the property during the construction and sales period; b) the "Dolphin Ridge" and "Royall Oaks" entrance signs announcing the Subdivision; or c) one (1) sign not more than four (4) square feet in size advertising the property for sale or rent. Additional restrictions on signs are set forth in Article J.

(9) No outdoor poles, flagpoles, clotheslines, or other similar equipment shall be erected or permitted on any Lot.

(10) No trash, ashes, garbage, or other refuse shall be dumped, stored or accumulated on the exterior of any Dwelling except in receptacles specifically provided for such which are regularly emptied by a trash collection service. All outdoor receptacles for ashes, trash, rubbish or garbage shall comply with the Town of Emerald Isle ordinances.

(11) No noxious or offensive activity shall be conducted upon any Lot and nothing shall be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

(12) No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any Dwelling except that dogs, cats, or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes. Such pets shall be reasonable in number and must be confined to the Lot they live on unless they are on a leash and accompanied by a human. Animals or pets which run at large are a nuisance and are prohibited.

(13) The provisions of this Article are subject to the condition that for so long as the Declarant retains any Lot or any portion of the property in the Subdivision, whether shown and delineated on the aforesaid plat or later annexed into the Subdivision, which has not been sold, leased, rented, or otherwise conveyed, the Declarant is hereby expressly permitted to maintain signs on the Community Use Areas.

(14) Subject to the provisions of this Declaration, the Articles and the Bylaws, the Board of Directors shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Community Use Areas. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in a Book of Resolutions, which shall be maintained at the Corporation's principal office and available for inspection by members and Owners during normal business hours.

(15) No Dwelling shall be erected or permitted to remain nearer to any street in the Subdivision than the setback lines as shown on the recorded plats. No building or structure, except approved fences, mailboxes, walls, piers, bulkheads, docks or walkways, shall be located nearer to any sideline of any Lot than the side setback lines shown on the plat. It is provided, however, that eaves, steps, stoops, and fireplace chimneys shall not be considered as a part of the building for the purposes of interpreting this Paragraph. An error in the placement of structures in an amount less than ten percent (10%) of the setback requirement in question is not a violation of this Declaration. All waterfront Lots hereby expressly waive the fifteen (15) feet riparian setback as required by CAMA and/or the Corps of Engineers for all Lot lines which adjoin other Lots in the Subdivision provided the structure (i.e. pier, dock or etc.) has been approved by the Committee.

(16) No outside radio or television antennas, satellite dishes, or towers of any kind, shall be erected on any Lot or Dwelling unless and until written permission for same has been granted by the Committee. No radio station or shortwave operator of any kind shall operate from any Lot or Dwelling without the prior written consent of the Committee.

(17) No manufactured home, mobile home, trailer, temporary house, or temporary structure shall be placed on or erected on a Lot; provided, however, the Committee may grant permission for the placement of a temporary structure on a Lot for storage of materials during the construction period. No such temporary structure shall be used at any time as a dwelling.

(18) Once construction of improvements is started on any Lot, improvements must be substantially completed in accordance with the plans and specifications as approved by the Committee within twelve (12) months from commencement. Provided, however, this restriction shall not be applicable to Declarant.

(19) No residence shall be occupied until the same has been substantially completed and a Certificate of Occupancy has been issued by the appropriate governmental authority.

(20) Fuel storage tanks shall be buried below the surface of the ground or screened by fencing, shrubbery, or other satisfactory means so that they will always be hidden from streets and Community Use Areas.

(21) No structure which is erected upon a Lot may be used as a temporary or permanent sales office. Any structure constructed, placed or erected on a Lot which is temporarily or permanently manned by a sales staff shall be a violation of this restriction. Provided, however, Declarant shall be entitled to maintain a model home and/or sales office on any Lot Declarant owns or leases.

(22) All Lots, whether occupied or unoccupied, shall be well-maintained and no unattractive growth of weeds or underbrush or the accumulation of rubbish or trash shall be permitted; provided, however, leaving a Lot in its natural state is acceptable.

(23) No vehicle shall be parked on any street in the Subdivision for a period of longer than six (6) consecutive hours.

(24) All Lots shall have paved driveways with a minimum width of ten (10) feet; provided, however, the Committee may waive or reduce this requirement if wetlands, impervious surface restrictions or other restrictions impose an undue hardship on a Lot. All driveways must be approved by the Committee and must meet the requirements set forth in Article J.

(25) No outside burning of garbage or refuse shall be permitted in the Subdivision except by Declarant.

(26) No Lot shall be accessed by motor vehicle directly from Coast Guard Road.

(27) All electric, cable TV and telephone lines shall be installed underground.

(28) The State of North Carolina requires strict compliance with the storm water runoff rules. To insure compliance with the storm water runoff rules, each Lot is subject to a limitation of the number of square feet of each Lot which can be covered by a structure and/or paved surface, including walkways or patios of brick, stone, slate or similar material, but excluding walkways and decks constructed of wood provided such construction of wood walkways and wood decks is accomplished in such a manner as to allow storm water runoff to infiltrate the soil beneath such walkways and decks. The maximum number of square feet of Lots 1 through 45 in Royall Oaks which may be covered by the aforesaid structures and or paved surface is 5,214 square feet per Lot. The maximum number of square feet of Lots 1 through 86 and 92 through 121 in Dolphin Ridge which may be covered by the aforesaid structures and/or paved surface is 3,950 square feet per Lot. This covenant is intended to insure compliance with storm water runoff rules adopted by the State of North Carolina and therefore benefits the State of North Carolina and may be enforced by the State of North Carolina. Notwithstanding any other provision contained herein, this paragraph may not be amended, deleted or revised without the written consent of the agency of the State of North Carolina responsible for enforcing the storm water runoff rules and the agency of the Department of the Army responsible for enforcing wetlands regulations.

(29) No water well may be drilled on any Lot to provide potable water to a dwelling; however, a well for an irrigation or sprinkler system is permitted. All Dwellings must connect to the Bogue Banks Water and Sewer Corporation water lines.

(30) Additional restrictions on use and occupancy of Lots are contained in Article J.

(31) In developing the Dolphin Ridge and Royall Oaks Subdivisions, the Declarant has agreed with the State of North Carolina and the Department of the Army Corps of Engineers (pursuant to a permit issued by the State of North Carolina and the Corps of Engineers) to restrict and prohibit any future filling or other detrimental activities in the wetlands areas which presently exist on the Lots. Accordingly, all wetlands areas shown and delineated on the wetlands plats which have been approved by the Corps of Engineers shall be left in their natural state except as otherwise permitted herein. No buildings or site improvements shall be permitted within the wetlands areas; provided, however, piers, walkways and other structures erected on pilings are permitted provided the pilings do not result in fill as defined in Regulatory Guidance Letter 90-08 dated December 14, 1990, issued by the Corps of Engineers. Site improvements shall include denuding, grassing, or altering the existing grade of any wetlands area. Site improvements shall not include hand clearing of trees, limbs, brush or other plants provided such clearing does not result in a denuded or barren area. No fill may be placed in any wetlands area. This covenant is intended to insure compliance with the permit issued by the State of North Carolina and the Department of the Army and may be enforced by the State of North Carolina and the Department of the Army. Notwithstanding any other provisions contained herein, this paragraph may not be amended, deleted or revised without the written consent of the agency of the State of North Carolina responsible for enforcing the storm water runoff rules and the agency of the Department of the Army responsible for enforcing wetlands regulations.

M.

#### Complaints

(1) For all matters except those concerning the nonpayment of assessments, before any Owner in his capacity as an Owner (hereinafter called Complainant) may bring any action in any court of law against the Corporation or any other Owner for failure to comply with the terms of these Restrictions, the Articles or the Bylaws, the Complainant shall notify the Corporation or the Owner, as the case may be, in writing by personal delivery or registered or certified mail, of the substance of the matter causing the complaint.

(2) Following the giving of notice as provided in Paragraph (1) above, the Corporation or the offending Owner, as the case may be, shall have thirty (30) days in which to remedy the complained of matter. If the matter causing the complaint is not remedied within the foregoing thirty (30) day period, the Complainant shall have the right to appear before the Board of Directors to register such complaint.

(3) If the Board of Directors, after considering the complaint pursuant to the terms of Paragraph (2) above and with notice and hearing as specified in Article H, by majority vote decides against the Corporation or the offending Owner, the Corporation or the offending Owner shall have a period of thirty (30) days from the date of such decision to remedy the complained of matter.

(4) If, after the thirty (30) day period provided in Paragraph (3) above, the offending party has not remedied the complained of matter, the Complainant shall have the right to institute suit in a court of law. If the Board of Directors shall decide against the Complainant pursuant to Paragraph (3) above, the Complainant may immediately institute suit in a court of law.

(5) This Article shall not apply to actions brought or taken by the Corporation.

N.

#### Waiver

No provision contained in these Restrictions, the Articles or the Bylaws, shall be deemed to have been waived, abandoned, or abrogated by reason of failure to enforce them on the part of any Person as to the same or similar future violations, no matter how often the failure to enforce is repeated.

O.

#### Variances

The Committee in its discretion may allow reasonable variances and adjustments in the restrictions contained in Article L in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a Subdivision of Lots owned in fee by various Persons with each such Owner having an easement upon areas owned by the Corporation. No variance or adjustment will be permitted if such would be materially detrimental or injurious to the welfare of the other property and improvements in the Subdivision as determined by the Committee.

Upon granting a variance, the Committee shall notify the President of the Corporation of the variance and the President shall have the variance prepared and executed. To be effective, a variance hereunder shall be recorded in the Carteret County Register of Deeds Office, shall be executed on behalf of the Corporation, and shall refer specifically to this Declaration.

P.

#### Duration, Amendment and Termination

(1) The Restrictions contained in this Declaration shall run with and bind the Lots and Community Use Areas until January 1, 2005, after which time they shall automatically be extended for successive periods of ten (10) years. This Declaration may be amended in full or part until January 1, 2005, by an instrument signed by not less than two-thirds (2/3) of the members, and thereafter, by an instrument signed by not less than three-fourths (3/4) of the members; provided, that no amendment shall: a) alter any obligation to pay ad valorem taxes on the Community Use Areas; b) alter any obligation to pay assessments for street lighting as herein provided; c) affect any lien for the payment of same, or d) modify any provision contained herein which specifically requires the consent of another party to modify such provision without the required consent of such other party. Provided, however, as long as the Declarant owns at least eighty (80) Lots Declarant may amend this Declaration, except for Paragraphs 28 and 31 of Article L, without the consent of any other member or party.



To be effective any amendment must be recorded in the Carteret County Register of Deeds office.

(2) Invalidation of any of these Restrictions by judgment or court order shall in no way affect any other provision of these Restrictions which shall remain in full force and effect.

(3) Notwithstanding any other provisions of this Declaration, Declarant may amend this Declaration without the consent of any Owners if such amendment is required by any governmental agency for governmental approval. Declarant shall notify all Owners of such amendment after it has been recorded.

Q.

Community Use Areas: Private

(1) Every Community Use Area and any facility thereon is private. Neither the Declarant's execution nor recording of the plat nor any other act of the Declarant with respect to the property is or is intended to be or shall be construed as a dedication to the public of any of the Community Use Areas. An easement for the use and enjoyment of each of the areas designated as Community Use Areas is reserved by the Declarant, its successors and assigns.

(2) All Community Use Areas shall be owned by the Corporation and shall be acquired by the Corporation free and clear of all liens and encumbrances except pro rata ad valorem real property taxes for the year of conveyance, reasonable drainage and utility easements, certain easement rights specified herein, all government laws and regulations and this Declaration.

R.

Remedies

Subject to the provisions of Article M, enforcement of these Restrictions shall be by a proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or condition, either to restrain violation thereof or to recover damages therefor. Injunction shall not issue to compel the removal of or moving of any completed residence for violation of side setback or front setback restrictions, the sole remedy of any offended person being a suit for damages. Provided, however, injunction may be issued to compel removal of a structure, improvement, paving, concrete or completed residence necessary for compliance with the impervious surface requirements in Paragraph 28 of Article L or the wetlands restrictions in Paragraph 31 of Article L.

S.

Acceptance

(1) The grantee of any Lot subject to the coverage of these Restrictions, by acceptance of a deed conveying title thereto, or by the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such Lot, shall accept such deed or contract upon and subject to each and all of these Restrictions herein contained and also the jurisdiction, rights and powers of Declarant and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with Declarant and the Corporation and to



and with the grantees and subsequent owners of each of the Lots to keep, observe, and comply with said Restrictions.

(2) Each such grantee also agrees, by such acceptance, to assume, as against Declarant, its successors and assigns, all of the risks and hazards of ownership or occupancy attendant to such Lot, including but not limited to its proximity to any Community Use Area, water or other recreational facility.

T.

#### Applicability

These Restrictions shall only apply to the Lots and Community Use Areas specified herein or hereinafter annexed into the Subdivision. These Restrictions are specifically not applicable to any other property designated on the plat or any numbered lots not defined herein and/or not annexed into the Subdivision.

U.

#### Captions

The captions preceding the various Articles of these Restrictions are for the convenience of reference only, and shall not be used as an aid in interpretation or construction of these Restrictions. As used herein, the singular includes the plural and where there is more than one Owner of a Lot, said Owners are jointly and severally liable for the obligations herein imposed. Throughout this Declaration, 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.

V.

#### Notice

All notices provided for or permitted pursuant to these Restrictions shall be in writing and, except as is herein expressly otherwise provided, notice shall be deemed sufficient and service thereof completed upon transmittal by facsimile, hand-delivery or receipt, refusal or nondelivery of same when mailed postage prepaid to the party to or upon whom notice is being given or served at the address of such party last reflected on the records of the Corporation.

W.

#### Liberal Construction

The provisions of this Declaration shall be construed liberally to effectuate its purpose of creating a Subdivision of fee simple ownership of Lots with Community Use Areas governed and controlled by rules, regulations, restrictions, covenants, conditions, reservations and easements administered by an owners' association with each Owner entitled to and burdened with various rights and easements.

Lot 46 in Royall Oaks and  
Lots 87, 90 and 91 in Dolphin Ridge

Notwithstanding any provisions contained herein, except as specifically specified in this Article X, Lot 46 in Royall Oaks and Lots 87, 90 and 91 in Dolphin Ridge are not restricted, encumbered or subjected to any of the covenants, conditions, restrictions or easements set forth in this Declaration; however, Lot 46 in Royall Oaks and Lots 87, 90 and 91 in Dolphin Ridge shall be entitled to use the Community Use Areas and the easements set forth herein which specifically benefit such lots and such other easements described in the Declaration which provide access, drainage and/or utilities to any of the other Lots in the Subdivision. Declarant retains and reserves a non-exclusive perpetual easement for the benefit of Lot 46 in Royall Oaks for ingress, egress, regress and the maintenance and installation of utilities to and from Coast Guard Road from and to Lot 46 in Royall Oaks over, under and upon Lord Berkeley Drive. Declarant retains and reserves a non-exclusive perpetual easement for the benefit of Lots 87, 90 and 91 in Dolphin Ridge for ingress, egress, regress and the maintenance and installation of utilities to and from Coast Guard Road from and to Lots 87, 90 and 91 in Dolphin Ridge over, under and upon Dolphin Ridge Road. These easements shall be appurtenant to and shall run with Lots 87, 90 and 91 in Dolphin Ridge and Lot 46 in Royall Oaks. These easements may be used by the Owners, tenants, invitees, guests, customers, employees, and licensees of the Owner and any tenant of the Owner of Lots 87, 90 and 91 in Dolphin Ridge and/or Lot 46 in Royall Oaks.

Declarant shall have the right to annex, either separately, all at one time, or in stages, Lot 46 in Royall Oaks, Lot 87 in Dolphin Ridge, Lot 90 in Dolphin Ridge, and/or Lot 91 in Dolphin Ridge into the Subdivision and the Corporation at any time prior to January 1, 1999, by merely declaring the annexation of such lot in any deed of conveyance, or by a declaration of annexation recorded in the Carteret County Register of Deeds Office. Upon such annexation, the lot or lots annexed shall become subject to all of the terms and provisions of this Declaration except for those which the Declarant specifically specifies in the deed of conveyance or declaration of annexation the lot or lots are not to be subject.

The maximum number of square feet of Lot 46 in Royall Oaks which may be covered by structures and/or paved surfaces as described in Paragraph 28 of Article L is 17,325 square feet. The maximum number of square feet of Lot 87 in Dolphin Ridge which may be covered by structures and/or paved surfaces as described in Paragraph 28 of Article L is 28,711 square feet. The maximum number of square feet per lot of Lots 90 and 91 in Dolphin Ridge which may be covered by structures and/or paved surfaces as described in Paragraph 28 of Article L is 3,950 square feet. Declarant agrees that notwithstanding any other provisions contained herein, this paragraph in Article X may not be amended, deleted or revised without the written consent of the agency of the State of North Carolina responsible for enforcing the storm water runoff rules and the agency of the Department of the Army responsible for enforcing wetlands regulations.

Declarant also agrees that Lot 46 in Royall Oaks and Lots 87, 90 and 91 in Dolphin Ridge shall be subject to the restrictions specified in Paragraph 31 of Article L regarding wetlands. Declarant agrees that this paragraph may not be amended, deleted or revised without the written consent of the agency of the State of North Carolina responsible for enforcing the storm water runoff rules and the agency of the Department of the Army responsible for enforcing wetlands regulations.

**OWNERSHIP OF A LOT OR MEMBERSHIP IN THE CORPORATION DOES NOT ENTITLE YOU TO USE LOT 46 IN ROYALL OAKS, LOT 87 IN DOLPHIN RIDGE, ANY FACILITIES CONSTRUCTED ON THEM OR TO BECOME A MEMBER OF ANY CLUB OPERATED ON SUCH LOTS.**

IN TESTIMONY WHEREOF, The Nassau Corporation has caused this instrument to be executed under seal and in such form as to be binding, all by authority of its board of directors first duly given, this the day and year first above written.

THE NASSAU CORPORATION

By:

Lewis R. Holding  
President

Karla Messer  
Secretary

STATE OF NORTH CAROLINA  
COUNTY OF Wake

I, Nancy Nannon, a Notary Public in and for said County and State, do hereby certify that on the 15<sup>th</sup> day of April, 1991, before me personally appeared Lewis R. Holding with whom I am personally acquainted, who, being by me duly sworn, says that he is \_\_\_\_\_ President and that Karla Messer is \_\_\_\_\_ Secretary of THE NASSAU CORPORATION, the corporation described in and which executed the foregoing instrument; that he knows the common seal of said corporation; that the seal affixed to the foregoing instrument is said common seal; that the name of the corporation was subscribed thereto by the said \_\_\_\_\_ President; that the said \_\_\_\_\_ President and \_\_\_\_\_ Secretary subscribed their names thereto and the said common seal was affixed, all by authority of the Board of Directors of said corporation; and that the said instrument is the act and deed of said corporation.

WITNESS my hand and notarial seal, this the 15<sup>th</sup> day of April, 1991.

Nancy Nannon  
Notary Public

My Commission Expires:

January 6, 1992

85-0233(P)

NR 11

04/14/91

NORTH CAROLINA, CARTERET COUNTY

The foregoing certificate(s) of Nancy Nannon is (are) certified to be correct. This instrument was presented for registration and recorded in this office in Book 656 Page 234.  
This 23 day of April 1991 at 10:15 o'clock AM.

Sharon Finer

Register of Deeds

By

Deborah Murren  
Assistant, Deputy

All those certain tracts or parcels of land lying and being situate in White Oak Township, Carteret County, being more particularly described as follows:

TRACT 1:

All those certain streets shown and depicted as "Outrigger Court", "Calypso Court", "Poseidon Road", "Poseidon Court", "Green Glen Road", "Green Glen Court", "Spinnaker Place", "Sandy Court", and "Dolphin Ridge Road" as shown on the plat of Dolphin Ridge recorded in Map Book 28, Page 228, in the Carteret County Register of Deeds Office, together with a five foot right of way easement along all road right of ways for the expansion, widening, construction, maintenance and repair of the above described roads.

TRACT 2:

All those certain streets shown and depicted as "Granville Drive", "Heath Place", "Ashley Place", "Clarendon Drive", and "Lord Berkeley Drive" as shown on the plat of Royall Oaks recorded in Map Book 28, Page 229, in the Carteret County Register of Deeds Office, together with a five foot right of way easement along all road right of ways for the expansion, widening, construction, maintenance and repair of the above described roads.

TRACT 3:

All that certain tract or parcel of land shown and depicted as "Common Area" on the plat of Royall Oaks recorded in Map Book 28, Page 229, in the Carteret County Register of Deeds Office.

TRACT 4:

All that certain tract or parcel of land shown and depicted as "10' PRIVATE ACCESS" on the plat of Dolphin Ridge recorded in Map Book 28, Page 228, in the Carteret County Register of Deeds Office, said 10' Private Access being located between Lots 74 and 75 as shown on the Dolphin Ridge plat.

TRACT 5:

That certain tract or parcel of land which is undesignated and which is located between the northern right of way line of Coast Guard Road and the southern right of way line of Granville Drive as shown and depicted on the plat of Royall Oaks, said tract being bounded on the north by the right of way line of Granville Drive and the southern lot line of Lot No. 5; bounded on the east by the western right of way line of the 15' dedicated public access shown on the plat; bounded on the south by the northern right of way line of Coast Guard Road; and bounded on the west by the eastern right of way line of Lord Berkeley Drive, and being more particularly described as follows:

Beginning at a point located in the north right of way line of Coast Guard Road. Said point is also identified as being an iron pipe located South 70° 41' 19" West 15.45 feet from the intersection point of the East block line of Block 46 and the north right of way of Coast Guard Road (Royall Oaks Subdivision map recorded at Map Book 28, Page 229, in the Carteret County Register of Deeds Office).

Proceeding thence from said beginning point, along the north right of way of Coast Guard Road South 70° 41' 19" West, 131.36 feet, thence continuing along said right of way, a curve to the right having a radius of 386.78 feet, a delta angle of 55° 21' 32", an arc distance of 373.71 feet (this curve is identified by bearing and distance: North 81°

37' 55" West, 359.34 feet), thence continuing along said right of way of Coast Guard Road along another curve to the right having a radius of 1200.28 feet, a delta angle of  $03^{\circ} 35' 02''$ , an arc distance of 75.08 feet (this curve is identified by bearing and distance: North  $52^{\circ} 09' 38''$  West, 75.07 feet), thence leaving the right of way of Coast Guard Road and beginning along a short section of Lord Berkeley Drive and continuing a curve to the right having a radius of 20.00 feet, a delta angle of  $75^{\circ} 49' 41''$ , an arc distance of 26.47 feet (this curve is identified by bearing and distance: North  $12^{\circ} 27' 17''$  West, 24.58 feet); thence North  $25^{\circ} 27' 34''$  East, 1.73 feet, thence continuing along a curve to the right having a radius of 20.00 feet, a delta angle of  $120^{\circ} 22' 02''$ , an arc distance of 42.01 feet (this curve is identified by bearing and distance: North  $85^{\circ} 38' 35''$  East, 34.70 feet), thence continuing and forming the south right of way of Granville Drive along a curve to the right having a radius of 153.24 feet, a delta angle of  $05^{\circ} 43' 50''$ , an arc distance of 15.32 feet (this curve is identified by bearing and distance: South  $31^{\circ} 18' 29''$  East, 15.32 feet), thence along a curve to the left having a radius of 158.94 feet, a delta angle of  $37^{\circ} 17' 32''$ , an arc distance of 103.45 feet (this curve is identified by bearing and distance: South  $47^{\circ} 05' 21''$  East, 101.64 feet), thence continuing along the south right of way of Granville Drive, another curve to the left having a radius of 428.00 feet, a delta angle of  $43^{\circ} 53' 39''$ , an arc distance of 328.64 feet (this curve is identified by bearing and distance: South  $87^{\circ} 43' 56''$  East, 320.62 feet), thence along a curve to the left having a radius of 40.00 feet a delta angle of  $59^{\circ} 34' 58''$ , an arc distance of 41.60 feet (this curve is identified by bearing and distance: North  $40^{\circ} 28' 45''$  East, 39.75 feet), thence along the southern boundary of Lot 5 as it is previously referenced North  $70^{\circ} 41' 19''$  East, 80.34 feet to the southeast corner of Lot 5, thence South  $05^{\circ} 30' 00''$  East, 45.13 feet to the point of beginning. This parcel contains 0.39 acres.

86-0233(P)  
NLR/11(30/31)  
04-14-91