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FOR REGISTRATION REGISTER OF DEEDS

Karen S. Hardesty

Carteret County, NC

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Prepared by White & Allen, P.A.

STATE OF NORTH CAROLINA

MASTER DECLARATION OF RESTRICTIVE
COVENANTS FOR INLET COVE

COUNTY OF CARTERET

THIS DECLARATION OF RESTRICTIVE COVENANTS, is made and entered into this the 2nd day of November, 2022, by the present owner of the property described in Paragraph 1(r) hereunder, RIDCO CORP., a North Carolina corporation with its principal place of business in Carteret County, North Carolina, whose mailing address is 805 Front Street, Beaufort, NC, hereinafter referred to as "DECLARANT".

STATEMENT OF PURPOSE

Declarant is the owner of certain property located on Radio Island, Town of Morehead City, Carteret County, North Carolina more particularly described and depicted on Plat described in Exhibit A and incorporated herein by reference, on which it desires to develop in phases a planned development to include Townhomes and Marina Condominium boat slips. Declarant desires to provide for the preservation of the values and amenities for such uses and for the maintenance of certain common areas; and, to this end, desires to subject the real property described in Paragraph 1(r) herein constituting the first phase of the overall planned development, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property, Declarant and each subsequent owner thereof. Declarant deems it desirable for the efficient preservation of such values and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created.

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To this end, Declarant has incorporated or will incorporate hereafter under the laws of the State of North Carolina, as a nonprofit corporation, The INLET COVE Property Owners Association, Inc. (the "Association"), for the purpose of exercising the functions aforesaid;

NOW THEREFORE, Declarant declares that the real property described in Paragraph 1(r) hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

ARTICLE I **DEFINITIONS**

1. *Definitions.* The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

a. "Act" shall mean the North Carolina Planned Community Act, as contained in Chapter 47F of the North Carolina General Statutes, or any successor portion of the North Carolina General Statutes, as the same exists from time to time.

b. "Additional Property" shall mean any and all real property described on Exhibit A-1 attached hereto and incorporated herein by this reference, provided the Additional Property shall not be part of the Property subject to this Declaration until it has been annexed (or subjected) to this Declaration in the manner required by this Declaration.

c. "Architectural Committee" shall mean those three (3) or more individuals so designated from time to time by the Board of Directors of the Association. Upon expiration of the Development Period, the members of the Architectural Committee shall be owners of townhome Lots or Marina Condominium boat slips. The Board of Directors may remove members from the Architectural Committee at any time in their discretion. The Board of Directors may designate itself as the Architectural Committee subject to the requirements of this paragraph.

d. "Association" shall mean and refer to INLET COVE PROPERTY OWNERS ASSOCIATION, INC., as formed or to be formed by Declarant. A copy of the initial By-Laws are attached as Exhibit B.

e. "Board of Directors" or "Board" shall mean the Board of Directors from time to time of the Association.

f. "Common Elements" shall mean and refer to those areas of land now or hereafter shown as such on any recorded subdivision plat of the Property or hereafter deeded to the Association and intended to be devoted to the common use and enjoyment of the Owners. Common elements shall include but are not limited to: access road and driveways, open space for recreation areas, pool, day dock if any, the entire bulkhead located along the basin

and Morgan Creek, and any other common facility to be used by the townhouse lots, and Boat Slips together.

g. "Declarant" shall mean RIDCO Corp., a North Carolina corporation, its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing also expressly designate the transferee as a "Declarant" hereunder.

h. "Declaration" shall mean this Master Declaration of Restrictive Covenants for Inlet Cove.

i. "Development Period" shall mean shall mean that period of time measured from the date of the recording of this Declaration with the Carteret County Register of Deeds continuing therefrom until December 31, 2052 or upon sale of the final lot or boat slip to a 3rd party, whichever occurs first. With respect to any land annexed to the Property by Declarant as herein permitted, the "Development Period" shall mean the time that is ten (10) years from the time that such land is annexed to the Property by recording of the Amendment hereto at the Office of the Register of Deeds of Carteret County, or December 31, 2052, whichever is later.

j. "Development Plan" shall mean the most current land use or development plan approved by the applicable Governmental Entity for the Property or any part thereof, whether the approval is preliminary or final, and regardless of any name other than Development Plan under which it is approved by the Governmental Entity (for example, site plan, subdivision plan, cluster unit development plan, or master plan for a planned unit development). For avoidance of doubt, Development Plan shall include any plan(s) that may be entitled "Inlet Cove Marina Condominium." Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Development Plan in whole or in part, including the addition or deletion of real property and including the reconfiguration of Lots, Units and Common Elements. The fact that real property is included on the Development Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any property that is not included on the Development Plan.

k. "Limited Common Elements" shall mean those portions of the Common Elements primarily benefitting one or more, but fewer than all, Lots/Units and which are designated as Limited Common Elements by the Association or, if during the Development Period by the Declarant. Declarant may, but is not required to, construct storage units upon a portion of the property or the future development property, and if constructed, they may be offered to the Lot owners on terms to be determined by the Declarant. It may be determined that these storage units may be limited common elements for use by a specific unit and if so an appropriate amendment may be filed setting out such plans.

- l. "Lot" shall mean a lot or parcel of real property located within the Property and depicted on the Plat as a Townhouse Lot. As used herein, "Lot" shall not include the Common Elements, nor shall it include roads, streets, or parking areas within the Property. The "front" of a Lot shall be deemed to be the portion of the Lot adjacent to the street.
- m. "Member" shall mean a person or entity who holds membership in the Association as provided in this Declaration hereafter.
- n. "Mortgage" shall include the noteholder or cestui que trust secured by a deed of trust.
- o. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Unit. It shall not include a person holding the title or interest to a Lot merely as security for the performance of an obligation.
- p. "Plat" shall mean that map identified That certain real property located in the Town of Morehead City, Carteret County, North Carolina, which is all of the property as shown as "Inlet Cove Townhomes, Units 1 thru 61", as shown on that plat entitled "Inlet Cove Townhomes-Units 1 thru 61" dated 12/21/20 and prepared by The Cullipher Group, P.A. and recorded in Plat Book 34 at Page 206 (File #34206), as amended and revised by that plat recorded in Plat Book 34 at Page 520 (File #34520) recorded in Carteret County Registry, (hereinafter "Plat").
- q. "Permit" shall mean the Post-Construction Stormwater Management Permit No. SW8 080952 Oceanside Yacht Club (now Inlet Cove) Carteret County issued by the North Carolina Department of Environmental Quality, including the Operation & Maintenance agreement incorporated herein as a part of the Permit.
- r. "Property" shall mean all that certain property as shown on the Plat, and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation and subjected to this Declaration as herein provided.
- s. "Special Declarant Rights" shall mean rights reserved for the benefit of the declarant including, without limitation, any right (i) to complete improvements indicated on plats and plans filed with the declaration; (ii) to exercise any development right; (iii) to maintain sales offices, management offices, signs advertising the planned community, and models; (iv) to use and grant easements through the common elements for the purpose of making improvements within the planned community or within real estate which may be added to the planned community; (v) to make the planned community part of a larger planned community or group of planned communities; (vi) to make the planned community subject to a master association; or (vii) to appoint or remove any officer or executive board member of the association or any master association during any period of declarant control.

Declarant is specifically given the right to create pedestrian access areas for adjoining property that Declarant currently does not own but may acquire in the future. Such

accessways will be for the benefit of Marina Boat Slip/Unit owners to use to access their slips and shall not be for any other purpose that would encumber the common area. Any such accessways shall not be an expense of the Association.

t. "Subdivision Plan" shall mean the most current land use or development plan or plans approved by the City for the Property (it being recognized that there may be two or more development plans approved by the City that together constitute the Subdivision Plan under this definition), whether the approval is preliminary or final, and regardless of any name other than Subdivision Plan under which it was approved by the City (for example, site plan, cluster unit development plan, or master plan for a planned unit development), all as the same may be revised at any time or from time to time; it being expressly permitted that the Property need not be developed in accordance with any one version of the Subdivision Plan. Declarant reserves the right, in its sole discretion but subject to Legal Requirements, to modify any Subdivision Plan in whole or in part, including the addition or deletion of property and including the reconfiguration of Lots, Units and Common Elements. The fact that property is included on the Subdivision Plan does not obligate Declarant to subject it to the Declaration, nor shall Declarant be prohibited from subjecting to the Declaration any Additional Property that is not included on any Subdivision Plan.

u. "Structure" shall mean anything or device other than trees, shrubbery (less than three feet in height in the form of a hedge) and landscaping, the placement of which upon the Property (or any part thereof) may affect the appearance of the Property (or any part thereof) including, by way of illustration and not limitation, any building, trailer, garage, porch, deck, shed, greenhouse, or bath house, coop or cage, covered or uncovered patio, swimming pool, clothesline, radio, television or other antenna, satellite dish, fence, sign, curbing, paving, wall, roadway, walkway, exterior light, hedge more than three feet in height, signboard or any temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to the Property or any part thereof. "Structure" shall also mean (i) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across the Property, and (ii) any change in the grade of the Property (or any part thereof) of more than six (6) inches from that existing at the time of purchase by an Owner.

v. "Townhome" or "Townhouse" shall mean one building located on a Lot as shown on the Plat that is designated and intended for use and occupancy as a single family residence.

w. "Townhouse Lot" shall mean any of the sixty-one (61) numbered lots depicted on the Plat.

x. "Townhome" or "Townhome Dwelling" means an individual Dwelling that is attached by Party Walls to one or more other Dwellings.

y. "Townhome Building" means an Improvement consisting of two or more Townhomes notwithstanding that each Townhome therein is located on a separate Lot.

z. "Townhome Services" means those goods, services, items or benefits provided by the Association for the benefit of the Townhomes and Owners thereof pursuant to this Declaration and any Supplemental Declaration.

aa. "Unit" or "Boat Slip" shall mean any of the numbered boat slips depicted on the Plat or a future plat to be recorded with the Declaration of Unit Ownership for Inlet Cove Marina Condominium creating the boat slips. Certain specific boat slips may be used for commercial purposes, as described herein.

bb. "Condominium Unit" shall mean a unit in the INLET COVE MARINA CONDOMINIUM created by that Declaration of Unit Ownership for INLET COVE MARINA CONDOMINIUM to be recorded in the Carteret County Registry.

ARTICLE TWO PROPERTY RIGHTS

2. *Grant of Lots.* Declarant shall hereafter hold, grant and convey the Property, and any part thereof, including, but not limited to Lots, subject to the Act and the covenants, conditions, easements and restrictions herein set forth, which are for the benefit of, binding upon and shall run with the land, and are for the benefit of Declarant, the Association and the Owners, their heirs, personal representatives, successors and assigns.

3. *Grant of Common Elements.* Declarant covenants that it will convey the Common Elements to the Association, and the Association shall accept from Declarant the Common Elements, with such improvements as may be constructed thereon at the time of such conveyance and shall hold them subject to the provisions hereof.

4. *Member's Easements of Enjoyment.* Every Member shall have a right and non-exclusive easement of use and enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot subject to the following provision:

The right the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by majority vote of the Members in attendance in person or by proxy at a meeting of the Association called for such purpose.

5. *Structures.* Except as otherwise permitted by the provisions of this Declaration, no Structure shall be, erected, placed or maintained on any Common Element except: (i) Structures designed exclusively for the common use of Members, including, but not limited to, benches, chairs or other seating facilities, fences and walls, walkways, roadways, and similar facilities; and (ii) pumping stations, drainage, storm and utility systems. The

Common Elements may be graded, planted with trees and shrubs and other plants placed and maintained thereon for the use, comfort and enjoyment of the Members or for the establishment, retention or preservation of the natural growth or topography of the Common Elements and for aesthetic reasons.

6. *Rules.* The Association shall have the right to prescribe reasonable rules and regulations governing the use of the Common Elements, which rules and regulations shall apply equally to all Members.

7. *Association Management.* The Association may improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Elements, including, by way of illustration, and not limitation, streets, roadways, sidewalks, parking areas and all trees, shrubbery and other plants and landscaping, together with any items of personal property placed or installed thereon, at the cost and expense of the Association.

ARTICLE THREE RESERVED RIGHTS OF DECLARANT

8. *Reserved Rights of Declarant.* The Association shall hold the Common Elements conveyed to it by Declarant subject to a reservation to Declarant of an easement over any road in the Common Elements, such easement for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property and any part thereof, including any Lot, as well as, all or any part of the property described in **Plat**.

9. *Grading and placement of fill.* Declarant further reserves unto itself the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot or other portion of the Property and grade the same provided such grading does not materially interfere with the use or occupancy of a Lot or other portion of the Property for the purposes allowed herein. However, said Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

Declarant or its contractor reserves the right to place fill if necessary during the construction process and also to unload and place dredge and fill spoils on part of the property that is located north of the basin. The fill or spoils material will be removed from site in a timely manner. Declarant or its contractor will have the right to use the access roads and strip of property adjoining the bulkhead on the North side of property for this use.

10. *Amendment of Plats.* No irrevocable right shall be conferred upon any Owner or Member by the recording of any plat relating to the development of the Property. Declarant expressly reserves unto itself the right to make such amendments to any such plat or plats as in its best judgment shall be advisable and as shall be acceptable to public authorities having the right of approval thereof, including the right to file new maps reflecting new

phases in accordance with Article X. This provision shall not be deemed to give Declarant any right to amend the property line of any Lot not then owned by Declarant.

11. *Easement for Utilities and Parking.*

a. Declarant, for itself, its successors and assigns, reserves an easement on, over and under the Common Elements for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve the Property, and all or any part of the property described on Plat, including, but not limited to, the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any Lot/Unit now or hereafter laid out or established on the Property, and all or any part of the property described on **Plat**, or in or on the area in which the same is located, together with the right and privilege of entering upon the Common Element for such purposes and making opening and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

There is also reserved those easements for Parking for the benefit of Olde Town Yacht Club as referenced on the plat and any other easement, or buffer areas as shown on plat, including access rights to use of the boardwalk.

b. Further, Declarant, for itself, its successors and assigns, reserves an easement on, over and under the Common Elements for the purpose of ingress and egress and the installation and maintenance of public and private utilities to serve land adjoining any of the Common Elements (whether such land is owned by Declarant, its successors or assigns, or others), including, but not limited to the right to lay, install, construct and maintain pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide adequate service to any such land, or in or on the area in which the same is located, together with the right and privilege of entering upon the Common Element for such purposes and making openings and excavations thereon which openings and excavations shall be restored in a reasonable period of time.

c. *Modification of Development Plan.* Each Owner, by accepting title to a Lot or unit/slip and becoming an Owner, and each other Person, by acquiring any interest in the Property, acknowledges awareness that Inlet Cove is a planned community, the development of which is likely to extend over many years, and agrees not to protest or otherwise object to (a) zoning or changes in zoning or to uses of, or changes in density of, the Property, or (b) changes in any conceptual or master plan for the Property, such revision is or would be lawful (including, but not limited to, lawful by special use permit, variance or the like) (c) and the addition of adjacent property to the Development that is not inconsistent with what is permitted by the Declaration (as amended from time to time).

ARTICLE FOUR
MEMBERSHIP AND VOTING RIGHTS

12. *Membership.* Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

13. *Voting.* The Association shall have two (2) classes of voting membership:

a. Class A Members shall be all Owners, with the exception of Class B Members. Class A Members shall be entitled to two (2) votes for each Townhouse Lot owned and one (1) vote for each Condominium Unit owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

b. The Class B Member shall be the Declarant. The Class B Member shall be entitled to thirty (30) votes for each Lot owned.

Notwithstanding the above, the Declarant, so long as its own one lot and or 10 slips, or unless it sooner releases or waives such right, shall be entitled to appoint those persons to serve on the Board of Directors for the Association. Upon the expiration of such control period and the then-current terms of the appointed members of the Board of Directors, their election shall be made by the Members as a whole and as provided for above in accordance the By-Laws for the Association.

ARTICLE FIVE
COVENANT FOR MAINTENANCE

14. *Creation of Lien and Personal Obligations for Assessments.* The Declarant, for each Lot hereby covenants, and each Owner of any Lot/Unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, (ii) special assessments, and (iii) additional assessments, all such assessments to be established and collected as hereinafter provided. The annual, special, and additional assessments, together with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the Lot/Unit for the amount of the assessment. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person(s) who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessment shall not pass to successors in title of an Owner unless expressly assumed by them; however, the Lot shall remain subject to the assessment until paid or otherwise discharged.

15. *Purposes of Assessments.* Except as otherwise specifically provided for herein, assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the Owners of Lots and for the improvement and maintenance of the Common Elements and/or as is otherwise consistent with the rights and responsibilities of the Association hereunder and for the benefit of the Members.

16. *Maximum Annual General Assessment.* Until January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual general assessment shall be no more than \$1,200. The Unit assessment shall be set out in the amendment adding the marina units to this Master Association.

a. From and after January 1 of the year immediately following the conveyance of the first Lot, the maximum annual general assessment may be increased each fiscal year of the Association not more than fifteen percent (15%) above the annual general assessment for the previous fiscal year without a two-thirds (2/3) majority vote of the Class A members and the unanimous consent of the Class B members. Given inability to plan for increases in insurance rates in coastal communities, any insurance that is required to be maintained by the Association under this Declaration shall not be included in the determination of whether the maximum annual general assessment has increased by more than fifteen percent (15%).

b. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

17. *Special Assessments.*

a. In addition to the annual general assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, and/or to meet any other emergency or unforeseen expenses of the Association, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at the meeting duly called for this purpose.

b. Special assessments shall be due as provided by the Board of Directors.

18. *Expenses Associated With Limited Common Elements Or Benefiting Less Than All Lots.*

a. Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Lot or Unit to which such Limited Common Element was allocated at the time the expense was incurred.

b. In addition, the Association may assess any Common Expense benefiting less than all of the Lots against the Lots benefited proportionally if more than one based on their respective interest in the Common Elements.

19. *Notice and Quorum for Any Action Authorized Under Paragraphs 16 and 17.*

Written notice of any meeting called for the purpose of taking an action authorized under Paragraphs 16 or 17 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast forty percent (40%) of all of the votes of each class of Members 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.

20. *Uniform Rate of Assessment.*

a. Subject to the provisions of sub (b) below, both annual and special assessments must be fixed in a uniform rate and each lot or unit will pay the same amount of any such assessment. Such assessments may be collected on a monthly basis or other periodic basis not more often than monthly or less often than annually, all as determined by the Board of Directors. This provision shall not be applicable to assessments made for Limited Common Elements which may be assessed to the particular Lot as provided for in Paragraph 18 above.

b. Declarant Exemption. Anything in sub (a) above to the contrary notwithstanding, Declarant shall not be required to pay any assessment for any Lot owned by the Declarant. So long as Declarant is exempt from assessment as herein provided, if the assessment for any fiscal year of the Association, exclusive of those amounts collected by the Association for a reserve fund and for the working capital fund, shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of such Declarant's exemption from payment of assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Lot owned by the Declarant, to meet any such deficit, so long as (i) written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made, and (ii) the Declarant shall have no obligation for any such deficit caused by expenditures for capital improvements or by any decrease in assessments, including, without limitation, the levying of an assessment in an amount less than the maximum for any annual assessment, unless the same has been previously approved in writing by the Declarant.

21. *Additional Assessments.* Additional assessments may be fixed against any Lot only as provided for in this Declaration or under the Act. Any such assessments shall be due as provided by the Board of Directors in making any such assessment.

22. *Surplus Receipts.* Any surplus of receipts over expenses of the Association for any fiscal year shall be either applied to reduce the assessments necessary to meet the budget adopted by the Association for the next fiscal year or refunded by the Association to each

Owner, and the refund shall be prorated among the Owners (and former Owners), including the Declarant, based upon the portion of the previous fiscal year that each such Owner (or former Owner), including the Declarant, shall have held record title to the Lot, as determined by resolution of the Board of Directors. Notwithstanding the above, the Association shall be entitled to maintain a reserve fund to cover anticipated expenses which shall not be the larger of the following: \$20,000.00 or twenty percent (20%) of its annual budget each year unless otherwise approved by two-thirds (2/3) of the Members of each class in attendance, in person or by proxy, at a meeting of the Association called for that purpose.

23. *Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment of Assessments.*

a. The annual general assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Elements to the Association. The first annual general assessment shall be fixed by the Board of Directors and shall be adjusted according to the number of months remaining in the calendar year. Thereafter, the Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

b. If additional land is annexed to the Property as herein permitted, the annual assessments for the Lots added to the Property by such annexation shall commence on the first (1st) day of the month following the conveyance to a Class A Member of the first (1st) Lot within the annexed land.

c. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

24. *Effect of Nonpayment of Assessments; Remedies of the Association.* Any assessment not paid within thirty (30) days after the due date shall constitute a lien against the Lot. Any unpaid assessment shall bear interest from the due date at the rate of eighteen percent (18%) per annum, and shall further be subject to a late charge in an amount equal to the maximum amount allowed by law. The Board of Directors shall have the right to declare the entire balance of the annual assessment and any accrued interest thereon to be immediately due and payable. In addition, the Owner shall be liable for all costs of collecting any such assessment, including reasonable attorney's fee and court costs. All such interest, late charges and costs of collection shall be deemed to be an additional assessment hereunder. The Association may bring an action at law against the Owner personally, who is obligated to pay the same and/or, without waiving any other right, may foreclose the lien in the same manner as the foreclosure of a deed of trust. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Element or abandonment of his Lot.

25. *Subordination of the Lien to Mortgages.* The lien for the assessments provided for herein shall be subordinate to the lien of any mortgage or deed of trust duly recorded prior to the time a Claim of Lien is filed with the Clerk of Court of Carteret County. Sale or transfer of any Lot shall not affect the assessment lien. However, any contract purchaser of a Lot shall be entitled, on written request to the Association, to a statement in writing from the Association setting forth the amount of any unpaid assessments against the Owner of the Lot due the Association and such purchaser shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments made by the Association against the Lot in excess of the amount set forth in such statement. The sale or transfer of a Lot pursuant to foreclosure or any proceeding in lieu thereof, of a mortgage senior in priority to the assessment lien, shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from any lien therefor.

ARTICLE SIX

TOWNHOUSE LOT AND MARINA CONDOMINIUM RESTRICTIONS

The following restrictions and covenants shall apply exclusively to the Townhouse Lots located within the Property.

26. *Architectural Review.* All of the rights and powers (including discretionary rights and powers) reserved by or conferred upon Declarant by this Article Six are invested initially in Declarant alone including any successor or assign to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee as "Declarant", but may be assigned or transferred by Declarant to the Architectural Committee. This right or assignment may be exercised by Declarant from time to time, and may be exercised in whole or in part, and may apply to all or any part of the Property, including any Lot. In any event, the rights and powers of Declarant under this Paragraph 26 shall automatically terminate with respect to Declarant and vest in the Architectural Committee alone upon the earlier to occur of (a) December 31, 2052 or (b) when improvements have initially been constructed on all Lots and the Owners of all such Lots have been issued Certificates of Occupancy by Carteret County for the improvements constructed on the Lots. Whenever "Declarant or Architectural Committee" is used or referred to in this Article Six, it shall apply to the Declarant alone until such time as Declarant shall transfer rights to the Architectural Committee and then shall apply to the Architectural Committee with respect to any such rights transferred to the Architectural Committee.

a. No Structure shall be erected, placed, repaired or maintained on any Lot, nor shall the exterior appearance (including the color thereof) of any Structure on a Lot be changed or altered from the original appearance thereof, nor shall the natural state of any area of a Lot be disturbed or altered, nor shall any work be commenced or performed which may result in a change in the exterior appearance of any such Structure, until plans and specifications showing the nature, kind, shape, dimensions, materials, floor plans, color

scheme, location, exterior plans and details, exterior lighting plans, paving plans and location, landscaping details and proposed topographical changes, together with estimated cost of said work and the proposed construction schedule therefore, and together with a designation of the party or parties to perform the work, have been submitted to and approved in writing by Declarant (or Architectural Committee after the rights and powers with respect thereto have been transferred to it by Declarant as herein provided). Such plans shall be submitted by certified mail to the Association address. In the event the Declarant (or the Architectural Committee) fails to approve or disapprove such design and location in writing within sixty (60) days after said plans and specifications have been fully and completely submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

b. *Committee Criteria.* The Declarant (or Architectural Committee) shall consider such plans and specifications for approval upon the basis of, among other things, the harmony of external design and location in relation to surrounding Structures and topography, the nature and durability of the materials, quality of workmanship, choice of colors and materials, grade elevations and/or drainage, the ability of the party or parties designated by the Owner to complete the work proposed in accordance with the plans and specifications submitted, including, without limiting the foregoing, such factors as background, experience, skill, quality of workmanship, financial ability, etc. In reviewing the plans, the Declarant (or Architectural Committee) may also consider factors of public health and safety, the effect the proposed work will have on the use, enjoyment and value of surrounding properties, and/or the outlook or view of other neighboring properties and the suitability of the proposed improvements or alterations with the general aesthetic values of the surrounding area.

c. *Disapproval of Plans.* In any case where the Declarant (or Architectural Committee) shall disapprove the plans and specifications submitted hereunder, or shall approve the same only as modified or upon special conditions, such disapproval or qualified approval shall be accompanied by a statement in writing of the grounds upon which such action was based. In any such case, the Declarant (or Architectural Committee) shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval. However, the final decision of the Declarant (or Architectural Committee) is final and binding.

d. *Approval of Plans.* The applicant shall submit for approval two (2) sets of plans and specifications. Upon approval by the Declarant (or Architectural Committee), one copy of such plans and specifications shall be retained by the Declarant (or Architectural Committee), and the other bearing the approval of Declarant (or Architectural Committee) in writing shall be returned to the applicant.

e. *Non-approved Structures.* If any structure shall be altered, erected, placed or maintained upon any part of a Lot or any new use commenced on any part of a Lot, in violation of the provisions hereof, such Structure or new use shall be removed or

