

**Corolla Light PUD Subdivision
Declaration
of Covenants, Conditions
and Restrictions**

**Corolla Light Community Association
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**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS OF
COROLLA LIGHT COMMUNITY ASSOCIATION**

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**COROLLA LIGHT PUD
SUBDIVISION DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS AMENDED AND RESTATED DECLARATION, made this _____ day of _____, 1997 by Outer Banks Ventures, Inc., a North Carolina Corporation, hereinafter referred to as "Declarant"; incorporating and amending the original Declaration made the 25th day of April, 1985 and recorded in Book 203, Page 151, Currituck County Registry, and subsequently amended by instruments recorded at the following Book and pages of the Currituck County Registry: Book 213, page 505; Book 232, page 22; Book 240, page 620; Book 246, page 147; Book 260, page 346; Book 263, page 767; Book 265, page 314; Book 270, page 491; Book 281, page 676; Book 282, page 608; and Book 290, page 463; Book 409, page 809.

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in a map or plat titled Corolla Light PUD Phase I by Triangle Engineering & Surveying, Inc. dated March 22, 1985 and recorded in Plat Cabinet B Slide 67-70 & 75, Currituck County Registry and desires to create thereon an exclusive residential community to be named Corolla Light; with permanent open spaces, walkways, streets, and other facilities for the benefit of the said community through the granting of specific rights, privileges and easements of enjoyment which may be shared and enjoyed by all residents of Corolla Light; and

WHEREAS, Declarant desires to insure the attractiveness of the individual lots and community facilities within Corolla Light; and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of the said property and to provide for the maintenance of the said open spaces, walkways, streets, and other community facilities; and, to this end, desires to subject the real property known as Corolla Light PUD together with such additions as may hereafter be made thereto (as provided in Article IV, Section 2) to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in Corolla Light and to insure the residents' enjoyment of the specific rights, privileges and easements in the community properties and facilities, to create an organization to which should be delegated and assigned the powers of owning common property, maintaining and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina, a non-profit corporation, Corolla Light Community Association, Inc., for the purpose of exercising the functions aforesaid within Corolla Light PUD.

NOW, THEREFORE, the Declarant declares that the real property and such additions thereto as may hereafter be made, pursuant to Article IV, Section 1 and 2 hereof, is and shall be held, transferred, sold, conveyed and occupied, subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the real property, by whomsoever owned, and be binding on all parties thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

The following words, arranged alphabetically, are terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

- (a) "**ARB**" shall mean Architectural Review Board.
- (b) "**Association**" shall mean and refer to Corolla Light Community Association, Inc., a North Carolina non-profit corporation, its successors and assigns.
- (c) "**Common Property**" shall mean and refer to those tracts of land with or without improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated a "Common Property". All Common Properties are to be devoted to and are intended for the common use and enjoyment of the Company, Owners, Residents, and their guests, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association, provided, however, that any lands which are leased by the Association for use as Common Property shall lose their character as Common Properties upon the expiration of such Lease.
- (d) "**Company**" and "**Declarant**" shall mean Outer Banks Ventures, Inc. successor to Corolla Light Venture, and its successors and assigns.
- (e) "**Covenants**" shall mean the Corolla Light PUD Subdivision Declaration of Covenants, Conditions and Restrictions.
- (f) "**Development**" shall mean and refer to the lands on the COROLLA LIGHT PUD in Currituck County, North Carolina, which are shown as a part of the COROLLA LIGHT PUD on the Company's Master Land Use Plan as revised from time to time.
- (g) "**Family Dwelling Unit**" shall mean and refer to any improved property intended for use as a single family dwelling, including without limitation any single family detached dwelling, condominium unit, townhouse unit, cooperative apartment unit, or apartment unit located within the Properties. The owner of a Family Dwelling Unit shall be a Class B member of the Association, entitled to one vote for each Family Dwelling Unit owned.
- (h) "**Hotel**" shall mean a multi-unit structure for rental of rooms or suites to the public.

(i) **"Intended for Use"** shall mean the use intended for various parcels within the Properties as shown on the Master Plan of the Development prepared by the Company as the same may be revised from time to time by the Company, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which the Company has conveyed the property.

(j) **"Master Plan"** (referred to as "sketch plan" in Currituck County PUD Ordinances) shall mean and refer to the drawing which represents the Master Land Use plan for the future development of the Properties. Since the concept of the future development of the Properties is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(k) **"Member"** shall mean and refer to all those Owners who are Members of the Association as defined in Article V.

(l) **"Of Record"** shall mean recorded in the Register of Deeds of Currituck County, North Carolina.

(m) **"Owner"** shall mean and refer to the Owner as shown by the real estate records of Currituck County whether it be one or more persons, firms, associations, corporation, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, Unplatted lands for which the County of Currituck has granted preliminary plat approval and on-site work has commenced, Hotel, or unimproved site situated in the Properties.

(n) The **"Properties"** shall mean and refer to the Existing Property described in Article IV Section I hereof, and additions thereto, as are subjected to this Declaration or any supplemental declaration under the provisions of Article IV Section 2 hereof.

(o) **"Recreational Vehicle"** shall mean any non-passenger vehicle or camper shell or any vehicle licensed as a recreational vehicle, motor coach, house trailer or the like.

(p) **"Referendum"** shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth in Article V, Section 6 herein.

(q) **"Resident"** shall mean and refer to each owner and/or lessee of the Dwelling Unit who resides in the Development at least nine (9) months each year.

(r) **"Residential Lot"** shall mean any unimproved parcel of land located within the Properties which is intended for use as a site for a single family detached dwelling and which meets the requirements set forth in Article VII, Section 3(b) herein. Owners of such lots shall be Type A members of the Association.

(s) **"Unplatted Lands"** shall mean any unimproved parcel of land which has been subjected to this Declaration or any supplemental declaration under the provisions of Article IV hereof which has not been subdivided and placed Of Record. Owners of such land shall be Type E members of the Association. Further, upon the granting of preliminary plat approval by Currituck County and the commencement of site work, owners of such parcels shall become Type C members of the Association. Upon final plat approval and occupancy of a townhome, condominium, apartment or like unit, owners of such property shall become a Type B member of the Association.

ARTICLE II COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO PROPERTIES IN COROLLA LIGHT PUD

The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a residential and resort community which is aesthetically pleasing and functionally convenient. The establishment of objective standards relating to design, size and location of dwellings and other structures makes it possible to take full advantage of the individual characteristics of each lot. For this reason, such standards are established hereby in this Article II and in Article IX.

1. No building, fence or other structure shall be erected, placed or altered nor shall a building permit for such improvement be applied for on any property in the Development until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), landscape plan, and construction schedule shall have been approved in writing by the Architectural Review Board (ARB) as set out in Article IX. Refusal of approval of plans, location or specification may be based by the ARB upon reasonable grounds including aesthetic conditions, which in the discretion of the ARB shall be deemed sufficient. No alteration in the exterior appearance of any building or structure shall be made without like approval by the ARB. Two (2) copies of all plans and related data shall be furnished to the ARB for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the ARB of written request for approval, the provisions of this paragraph shall be thereby waived.

2. No plans will be approved for a proposed dwelling unit unless it has the minimum required square footage of heated dwelling area. Such minimum requirements of each lot are specified in the Architectural Standards of the Development contained in Article IX. The term "heated dwelling area" as used in these minimum size requirements shall mean that total heated area within a dwelling unit; provided, however, that such term does not include garages, terraces, decks, open or screen porches, and the like; provided further, that shed-type porches, even though attached to the dwelling structure, are specifically excluded from the definition of the aforesaid term "heated dwelling area".

3. In order to protect the natural beauty of the vegetation and topography of the shoreline and marsh edges located through the Property, and to prevent wind and water erosion, written approval of the Association or its management is hereby required for the removal, reducing, cutting down, excavation or alteration of topographic and vegetation characteristics. Written approval will be granted for the minimum amount of each movement required in plans and specifications approved pursuant to the provisions of paragraph 1 of this Article II, and the appropriate governmental agency.

4. The exterior of all buildings and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or the builder due to strikes, fires, national emergency or natural calamities.

5. On a Single-Family Residential Lot, no structure other than one (1) Single-Family Dwelling is permitted which may include a detached private garage. Such garage may not be constructed prior to the construction of the main building. A guest suite or like facility may be included as part of the main dwelling or garage; but said suite or facility may not be rented or leased except as part of the entire premises including the main dwelling.

6. Regardless of any provision in these documents to the contrary, the Company shall have all easements necessary to erect and maintain signage for sales purposes on company owned lots, as deemed necessary by the Company. The Company shall also have the right to maintain on any lot models or sales offices as it shall deem necessary. These rights shall extinguish only upon the sale of the last lot or unit owned by the Company.

7. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on their property which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area in the sole judgment of the Architectural Review Board.

8. No noxious or offensive activity shall be carried on upon any property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants or animals or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owner's thereof in the sole judgment of the Architectural Review Board.

9. In order to implement effective insect, reptile and woods fire control, the Association or its agents have the right to enter upon any property. Such entry may be made by personnel with tractors or other suitable devices for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, or other unsightly growth, which in the opinion of the Association or its agents detracts from the overall beauty, setting and safety of the Property. The cost of this vegetation control shall be paid by the Owner of the property. Such entrance shall not be deemed a trespass. The Association or its agents may likewise enter upon such land to remove any trash which has collected on such property without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of the Company or the Association, to mow, clear, cut or prune any property nor to provide garbage or trash removal services. Whenever the Association is permitted by these Covenants to correct, maintain, repair, clean, preserve, clear out or do any action on the property of any Owner or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

10. Owners shall notify the Association of pending sale of property and upon such sale notify the Association of the name and address of the new Owner.

11. No signs whatsoever shall be erected, attached to or maintained on any residential property by anyone including, but not limited to, the Owner, a realtor or rental agent, or any of their agents and employees, except with the written permission of the Association or except as may be required by legal proceedings or except as stated in this paragraph, it being understood that the Association will not grant permission for any sign unless its erection is reasonably necessary to avert serious hardship to the property owner. If such permission is granted, the Association reserves the right to restrict the size, color and content of such signs. The Association will permit, upon written application to the Architectural Review Board (ARB), not more than one each for any residential property, property identification and "For Rent" signs each of which does not exceed a total of more than two (2) square feet, provided, however, that said signs must be approved by the ARB as to size, color and content. (See Article IX for construction signs.) Signs of appropriate size and content are permitted on commercial property subject to ARB approval. Such approval shall not be unreasonably withheld.

12. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and across a ten (10) foot width bordering each property line to erect, maintain and use poles, wires, cables, conduits, irrigation pipes, HVAC pipes, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, community antenna television service, gas, sewer, water or other public conveniences or utilities on, in or over those portions of each property as may be reasonably required for utility line purposes, provided however, that no such utility easement shall be applicable to any portion of such property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these Covenants by the Company, or (b) such portion of the property as may be designated as the site for building on a plot plan for erection of a building which has been filed with the Company and which has been approved in writing by the Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economically and safe utility installation and to maintain reasonable standards of health, safety and appearance. Such rights may be exercised by any licensee of the Company, but this reservation shall not be considered an obligation of the Company nor of the Association to provide or maintain any such utility or service.

13. Installation of satellite(or similar) dishes must be approved in advance by the Architectural Review Board. Such dishes must not exceed 18" in diameter, must be painted if paintable, and must be located under the roofline on the SW corner of the house, or if appropriate, may be located with the HVAC unit but, in every case, must be screened from view. No television antenna, radio receiver or sender or other similar device, other than a satellite dish, shall be attached to or installed on the exterior portion of any Dwelling Unit or on any Property within the Development without the prior permission of the Architectural Review Board in writing. The provisions of this paragraph shall not apply to the Company and/or the Association for the installation of equipment necessary for a master antenna system, CATV and mobile radio system or other similar systems within the Property.

14. No structure of a temporary character shall be placed upon any property at any time without the written permission of the Architectural Review Board (ARB). It being clearly understood that these temporary shelters may not, at any time, be used as residences or permitted to remain on the lot after completion of construction. The design and color of structures temporarily placed on a property by contractor shall be subject to reasonable aesthetic control by the ARB.

15. No trailer, utility trailer, tent, barn, treehouse or other similar outbuilding or structure shall be placed on any property at any time, either temporarily or permanently; storage of boat trailers and campers are permitted if adequately screened from view. Large recreational vehicles and boats are subject to the rules and regulations of the Association. All screening for same shall require

the approval of the Architectural Review Board. Golf Carts: Vehicles within Corolla Light must be licensed, titled, have VIN numbers, insured and driven by licensed drivers. Golf carts, scooters, and segways are not allowed unless above criteria is met. The only exception will be for handicap vehicles.

16. Each Owner shall provide a screened area not generally visible from the road for the storage of garbage receptacles and fuel tanks or similar storage receptacles. Plans for such fence delineating the size, design, texture, appearance and location must be approved by the Architectural Review Board prior to construction.

17. No private water wells may be drilled or maintained on any lot.

18. No trees measuring two (2) inches or more in diameter at a point three (3) feet above ground level may be removed without the written approval of the Architectural Review Board.

19. No Residential Lot shall be subdivided, or its boundary lines changed, except with the written consent of the Company. However, the Company hereby expressly reserves to itself, its successors or assigns, the right to replat any Lot or Lots shown on the plat of any said subdivision in order to create a modified building Lot or Lots; and to take such other steps as are reasonably necessary to make such replatted Lot suitable and fit as a building site to include, but not be limited to, the relocation of easements, walkway, rights of way, roads, bridges, parks, recreational facilities, and other amenities to conform to the new boundaries of said replatted Lots.

20. The Company and/or the Association expressly reserves to itself, its agents or assigns, any other provisions in this Declaration notwithstanding the right to build walkways, bridges, or fixed spans across any or all natural or man-made canals, creeks or lagoons in the property. Nothing in this paragraph shall be construed as placing an affirmative obligation on the Company and/or the Association to provide or construct any walkway, bridge or fixed span unless such walkway, bridge, or fixed span shall be shown and specifically designated on the plat of Record of the subdivision or section of Lots referred to and incorporated in the deed of conveyance to the grantee Owner asserting such affirmative obligation to the grantor Company.

21. Any Owner who constructs a single family dwelling located on two or more contiguous lots or who combines family dwelling units on contiguous lots into one single family dwelling, shall be treated as though the family dwelling unit is one for purposes of assessment and voting rights. Such treatment must have the written approval of the Association; such approval shall not be unreasonably withheld.

22. Parking of motor vehicles is prohibited on the rights of way of all streets within the Development with the exception of specifically designated parking lots and parking places as may be part of a particular phase of the Development. Further, all required parking for any single family dwelling shall be located on the property on which the structure is located and shall be sufficient for all Owners, tenants and guests. Specifically, there shall be at least one paved or stoned parking space on each Property for each bedroom in the structure. Bedroom, for this purpose, is defined to mean any room that may be used to increase the number of occupants that the structure may accommodate.

ARTICLE III VIOLATIONS OF COVENANTS

In the event of a violation or breach of any of the restrictions contained herein by any Owner, or agent of such Owner, the Owners of property in the neighborhood or subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right, whenever there shall have been built on any property in the subdivision any structure which is in violation of these restrictions, to enter upon such property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the Owner. Any persons entitled to file a legal action for the violation of these Covenants shall be entitled to recover reasonable attorney's fees as permitted by law as a part of such action. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservations, restrictions, or condition contained in this Declaration, however long continued, shall not be deemed a waiver of this right to do so prior to or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restrictions of these Covenants shall in no way affect any of the other restrictions, but they shall remain in full force and effect.

ARTICLE IV THE PROPERTY

Section 1. Existing Property. The Real Property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Covenants is described as follows:

All those certain Tracts, Parcels, Lots and Phases as described, shown and depicted on those certain maps or plats and Supplemental Declarations of Corolla Light PUD as recorded in the Currituck Registry and heretofore made subject to these Covenants by a Supplemental Declarations of Covenants, Conditions and Restrictions and identified as follows:

<u>Date</u>	<u>Phase</u>	<u>Supplemental Declarations</u>	<u>Map or Plat</u>
3/22/85	1	Book 203, Page 151	Plat Cabinet B, Slides 67-70 & 75
11/27/85	2B, 2C, 2X	Book 210, Page 102	Plat Cabinet B, Slides 118-121
4/25/86	2D	Book 214, Page 42	Plat Cabinet B, Slides 157 & 158
8/18/86	2E	Book 217, Page 560	Plat Cabinet B, Slides 196 & 197
6/18/86	1A	Book 229, Page 312	Plat Cabinet B, Slides 275 & 276
9/30/87	6	Book 232, Page 24	See Exhibit A of Covenants in Book 232, Page 24
10/22/87	5B	Book 233, Page 82	Plat Cabinet B, Slides 290 & 291
12/17/87	5C	Book 236, Page 402	Plat Cabinet B, Slides 306 & 307
12/17/87	5D	Book 237, Page 494	Plat Cabinet B, Slides 313 & 314
3/2/88	2G	Book 238, Page 585	Plat Cabinet B, Slides 323 & 324

12/4/88	5E	Book 250, Page 418	Plat Cabinet B, Slides 393 & 396
1/24/89	5F	Book 255, Page 488	Plat Cabinet D, Slides 49-51
10/2/91	5A	Book 270, Page 491	Plat Cabinet D, Slide 194
1/10/91	7A	Book 281, Page 673	See Description in Supplemental Declaration in Book 281, Page 673
11/30/93	8	Book 329, Page 604	Plat Cabinet E, Slides 144 & 145
5/1/95	4 and 4A	Book 360, Page 651	See Description in Supplemental Declaration in Book 360, Page 651

All of the Real Property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Company intends to develop the existing property in accordance with a Master Plan prepared in its Planning Department. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns to adhere to the Master Plan in the Development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Company shall convey to the Association properties designated for such conveyance in its periodically revised Master Plan hereafter designated by the Company, and, in addition, may at its option convey to the Association as provided in Article VI those parcels of land designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association these properties shall become Common Properties. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of these Covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) Additions. During the period of development, which shall by definition extend to January 1, 2000, the Company, its successors and assigns, shall have the exclusive right, without further consent of the Association to bring within the plan and operation of this Declaration any property which is contiguous or nearly contiguous to the Properties. Subsequent to December 31, 1999, the Company's right to do so, without consent of the Association, shall continue, but also the Association, upon approval by a referendum of the membership, shall have the right to bring within the plan and operation of this Declaration any property which is contiguous or nearly contiguous to the properties. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this and the succeeding subsection, shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complimentary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company or, if applicable, the Association, to reflect the different character, if any, of the added property and as are not inconsistent with the Plan of this Declaration, but such modifications shall have no effect on the Property described in Article IV, Section 1.

(b) Mergers. Upon merger or consolidation of the Association with another association, as provided for in the By-Laws of the Association, its property rights and obligations may, by instrument of transfer or operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights, and obligations of any other association may, by instrument of transfer or operation of law, be added to the properties of the Association as a surviving association pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the Covenants and Restrictions established upon any other properties, as one plan. No merger or consolidation shall affect any revocation, change, or addition to the Covenants established by this Declaration within the Existing Property, including, without limitation, the assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association.

(c) Additional lands which become subject to this Declaration under the provisions of this Section 2 may in the future be referred to as part of the Development.

ARTICLE V MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of Property subjected to this Declaration shall be a Member of the Association. The Company shall be a Member of the Association.

Section 2. Voting Rights. The Association shall have five types of regular voting memberships as follows:

TYPE A: Type A Members shall be all Owners (including the Company) of Unimproved Residential Lots. An Owner of a Residential Lot upon which a Family Dwelling Unit has not been constructed shall be entitled to one vote for each Residential Lot owned.

TYPE B. Type B Members shall be all Owners (including the Company) of Family Dwelling Units. An Owner of a Family Dwelling Unit shall be entitled to one vote for each Family Dwelling unit owned.

TYPE C: Type C Members shall be all those Owners (including the Company) of Unplatted lands for which the County of Currituck has granted preliminary plat approval to construct family dwelling units and on-site work has commenced. As of the date of commencement of on-site work after the granting of preliminary plat approval, a Type C Member shall be entitled to one vote for each family dwelling unit for which preliminary plat approval has been received.

TYPE D: Type D Members shall be all those Owners (including the Company) of a Hotel or other similar multi-unit structure for rental rooms or suites to the public. A Type D Member shall be entitled to one-fourth vote for each rental room or suite within the Hotel or similar structure, it being deemed that for the purposes of voting four rental rooms or suites is equivalent to one family dwelling unit. Fractional votes may be cast.

TYPE E: Type E Members shall include all those Owners (including the Company) of Unplatted lands or sites. A Type E Member shall be entitled to one vote for each acre of unimproved lands. In computing the number of votes to which a Type E Member shall be entitled, the amount of the acreage shall be rounded to the nearest whole acre, with one-half and above being equivalent to a whole acre.

Payment of special assessments shall not entitle Type A, B, C, D and E Members to additional votes.

Cumulative voting shall not be permitted.

The Company may, but shall not be required to, subsidize the Association in its preliminary years. In the event the Company pays to the Association a subsidy in excess of the normal assessment required of the Company, the Company shall be entitled to additional votes equal to 1 vote for each \$1500.00, of the amount of the subsidy paid, to be rounded to the nearest \$1500.00 in computing the number of votes acquired.

When any property entitling the Owner to membership as a Type A, B, C, D or E Member of the Association is owned of Record in the name of two or more persons or entities, whether fiduciaries, or in any manner of joint or common ownership, their acts with respect to voting shall have the following effect:

All votes shall be cast as a unit and may not be divided within a unit. Ownership of more than one unit may entitle the owner to cast the votes in any manner desired so long as each unit is cast as a whole.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of up to nine (9) persons. Directors other than the President need not be members of the Association.

Section 4. Election of the Board of Directors.

(a) Each member of Types A, B, C, D and E Membership classes shall be entitled to a number of votes based on the ownership of one or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof.

(b) The Directors shall be elected by the Members of the Association as a whole without regard to type.

(c) Election of Directors may be conducted by mail ballot if the Board of Directors so determines.

Section 5. Company Right of Veto in Certain Instance. Until January 1, 2000, the Company reserves the right of veto of any action taken by the Association Board of Directors to open membership in the Association or otherwise allow use of development amenities to outsiders or persons not otherwise qualified for membership or right of amenity use under this Declaration. After December 31, 1999, upon approval by the membership in a referendum, the Association may open membership in the Association or otherwise allow use of development amenities to outsiders or persons not otherwise qualified for membership or right of amenity use under this Declaration.

Section 6. Members to Have Power of Referendum in Certain Instances. Where specifically provided for herein, the Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum including, without limitation the addition or deletion of functions or services which the Association is authorized to perform. In the event fifty one (51%) percent, or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefore. The Members may require a referendum on any action of the Board of Directors by presenting to the Secretary of the Board, within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action, a petition signed by not less than twenty-five (25%) percent of the Members.

ARTICLE VI PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association, and any fees or charges established by the Association, every Type A, B, C, D and E Member and every guest and tenant of such Type A, B, C, D, and E Member shall have a right of easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Family Dwelling Unit, Unplatted lands, and Finished and Completed Hotel Type structure.

The Association shall have the right to establish guest and user fees as it deems necessary to operate the Common Properties. This shall include the right to establish fees for persons other than owners to allow such persons use of the Common Properties. The Association may also establish user fees for tenants or lessees of less than nine (9) months. User fees for hotel /motel guests will be calculated on the basis of a daily charge per registered hotel/motel guest. Recognizing that family dwelling units are rented in their entirety while hotel/motel rooms are rented individually, the daily fee per registered hotel/motel guest shall be the same as the daily fee charged for one occupant of a family dwelling unit.

Employees of the Company, its assigns, affiliates and successors shall have access to and enjoyment of the Common Properties subject to rules and regulations and user fees established by the Board of Directors.

A Members' spouse and children who reside with such Member in the Development shall have the same easement of enjoyment thereunder as a Member.

In those instances where a lot or family dwelling unit or other property in the Development is owned or occupied as a tenancy by three (3) or more persons (who do not have the relationship of spouse, parent or child one to the other) or by a corporation, such joint owners and corporations shall annually appoint one (1) person as the "Primary Member" who shall receive all official mailings of the Association..

The number of users of the Development amenities cannot, at any time, exceed the ARB approved nor the advertised sleeping capacity of the dwelling they occupy.

Section 2. Title to Common Properties. The Company may convey to the Association, at no cost to the Association, by deed or lease appropriate to irrevocably convey to the Association the entire beneficial use those parcels of land and facilities described in Section 4 of this Article VI hereof, after the Company has completed improvements thereon, if such be required, such that the facility is functionally complete. The Association, upon such conveyance, shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors subject to the Declaration of Covenants, Conditions and Restrictions applicable to all property in the Development. Prior to January 1, 2000, the Company shall deed or lease to the Association all completed amenities intended as Common Properties, including those amenities identified in the July 30, 1994 lease between the Company and the Association (incorporated herein by reference), within Corolla Light PUD within sixty (60) days of completion. If not previously conveyed by deed to the Association, all completed amenities intended as Common Properties within Corolla Light PUD shall be deeded by the Company, its successors or assigns, to the Association no later than January 1, 2000. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance of Common Properties upon which all improvements made by the Company have been completed.

Natural areas, trail areas, etc., intended to become Common Properties shall be conveyed in large or small parcels from time to time after the Company has completed the surveying and platting of all adjacent subdivisions for Residential Lots, Multiple Family Tracts and Commercial Sites which may abut such natural areas, trail areas, etc. The Company covenants for itself, its successors and assigns, that it shall convey by deed to the Association all such properties within two (2) years of notification to the Association, in writing, of its intent to convey such properties, provided, however, that in the case of Common Properties upon which improvements are required to be made by the Company, such notification of "intent to convey" shall not be deemed to be made until such time as the improvements have been completed such that the facility is functionally complete. Such notification will not normally show metes and bounds and, in any event the metes and bounds as shown on plat and deed Of Record to the Association shall govern. All said parcels of land may be conveyed to the Association subject to:

(1) All restrictive Covenants Of Record at the time of conveyance; and

(2) Marketable Title

(3) The obligation to make payments of principal and interest in accordance with their due dates on all mortgages affecting property conveyed to the Association shall continue to be the sole obligation of the Company or any Affiliate of the Company as the case may be. Notwithstanding anything in the foregoing to the contrary, the Company shall not be required to convey the above referred to parcels where such conveyance would be prohibited under agreements existing on the date hereof but, in such case, shall be allowed to postpone such conveyance, without penalty, until such time as said prohibition may be nullified.

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

(a) The right of the Association, in accordance with its By-laws, to borrow money from the Company or any lender for the purpose of improving and/or maintaining the Common Properties and providing services authorized herein and in aide thereof to mortgage said properties; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and

(c) The right of the Association, to suspend the rights and easements of enjoyment of any Member or Tenant or guest of any Member for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not exceeding ninety (90) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association subject to the Rules, regulations and fees, if any, established by the Association for such use.

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and any facilities included therein.

(e) The right of the Company to reserve, in addition to all other easements reserved by the Company, in all Common Properties, perpetual easements for installation and maintenance of general utilities and drainage and the right of the Company to subject said property to any other compatible use which in the sole opinion of the Company is necessary for the harmonious development of the perpetual easements of ingress and egress on and over the roadways to Members and Employees of any facility located within the properties and to Guests and Employees of any Inn or Hotel which may be located within the properties.

(f) The right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties.

(g) The right of the Association to give or sell all or any part of the Common Properties and subject to the Planned Unit Development approved by the appropriate governmental authority including leasehold interest, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfers and terminations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established in its By-Laws, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

(h) The rights of reversion to the Lessor of any Common Properties leased by the Association upon expiration of the lease.

Section 4. Conveyance to the Association. The Company may convey to the Association, by deed or lease the full beneficial use of those properties designated on the Company's Master Plan as "Common Properties". Such conveyance shall be subject to all the restrictions and limitations of the various Articles of this Declaration, and any other restrictions and limitations of record.

ARTICLE VII COVENANTS FOR ASSESSMENTS

Section 1. Creation of Liens and Personal Obligations of Assessments. Except as stated in Section 3 herein, the Company covenants, and each Owner of any Residential Lot, Family Dwelling Unit, Unplatted lands for which the County of Currituck has granted preliminary plat approval and on-site work has commenced, Hotel, or Unplatted Lands or Sites, whether or not it shall be so expressed, agrees to all the terms and provisions of this Declaration, agrees and covenants to pay to the Association: (1) Annual assessments for charges; and (2) Special assessments or charges for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof as hereinafter provided including late charges as may be established by the Board, shall also be the personal obligation of the person who was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership, all of such co-owners shall be jointly and severally and individually liable for the entire amount of the assessment.

Section 2. Purpose of Assessments

(a) The annual assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, including exterior grounds and to provide services which the Association is authorized to provide.

(b) Special Assessments may be levied by the Association in proportion to Member's voting rights, in addition to the annual regular assessments, for the following purposes:

- (1) Budget shortfall;
- (2) Construction, repair or replacement of capital improvements upon the Common Properties including the necessary fixtures and personal property related thereto;
- (3) Additions to the Common Properties;
- (4) To provide for the necessary facilities and equipment to offer the services authorized herein; and
- (5) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

Section 3. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the assessment against each Residential Lot, Family Dwelling Unit, Unplatted lands for which the County of Currituck has granted preliminary plat approval and on-site work has commenced, Hotel, and Unplatted lands or sites, and shall at the time direct the preparation of an index of the properties and assessments applicable thereto which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to every Member subject thereto.

(a) The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an Officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any assessment therein stated to have been paid.

(b) Property shall not be classified for purposes of these Covenants and these Annual and Special Assessments as a Residential Lot, until the date the last of the following have occurred:

- (1) Placing to Record a plat showing such Residential Lot;
- (2) Approval by the appropriate governmental authority to permit such Residential Lot to be offered for sale;
- (3) The lot has been conveyed by the Company to a purchaser;

(c) The annual assessment on Residential lots (Type A members) and Unplatted lands for which the County of Currituck has granted preliminary plat approval and on-site work has commenced and Unplatted lands or Sites (Type C and E members) shall be billed quarterly commencing on the first day of January of each year. Family dwelling units and Hotels (Type B and D members) shall be billed in two installments as determined by the Board of Directors of the Association. All assessment bills shall be due and payable within thirty (30) days after the date of mailing of same.

(d) The Owner of any assessable property which changes from one category to another during an assessment year shall be billed an additional amount for the remaining portion of the year to reflect the category change.

(e) For purposes of these assessments and voting rights hereunder, a property will be classed as "Unimproved Residential Lot" or "Unplatted Lands for which the County of Currituck has granted preliminary plat approval and on-site work has commenced," or "Unplatted Lands or Sites", whichever is appropriate according to Article V, Section 2, and not as a Family Dwelling Unit or other improved property until a unit thereon has been completed and is ready for occupancy. Assessment at the improved property rate shall be prorated for the remainder of the full quarters of a year and billed on the first day of the next quarter.

(f) All assessments charged by the Association shall be rounded off to the nearest dollar.

(g) For the purpose of establishing equivalent assessments, one acre of Unplatted Lands or Sites, rounded to the nearest whole acre (with one-half acre being rounded up to the nearest whole acre) shall be equivalent to one residential lot. Each four rental rooms or suites in a Hotel or similar rental structure, shall be equivalent to one Family Dwelling unit. All lands which are subject to use for well sites, sewage treatment and disposal, and Corolla Light PUD utilities, and all common areas, are not subject to, and therefore, are excluded from, assessments for so long as said lands continue to be designated for such purposes by the Company or its successors and assigns.

Section 4. Annual Budget. The Board of Directors shall prepare and make available to all Members prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year and the amount of the annual assessment for each class of membership. The financial books of the Association shall be available for inspection by all Members at all reasonable times.

Section 5. Reserve Funds. The Association may establish reserve funds from its regular annual assessments to be held in reserve in an interest-drawing account or in investments as a reserve for (1) major rehabilitation or major repairs, (b) for emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance or replacement, and (d) initial costs of any new service to be performed by the Association.

Section 6. Date of Commencement of Annual Assessments. Persons becoming members subsequent to January 1 of each year shall pay assessments prorated as of the date of initial membership.

Section 7. Effect of Non-Payment of Assessment: Remedies of the Association. If the assessment is not paid on or before the past due date specified in Section 3 (c) hereof, then such assessment shall become delinquent and shall (together with additional assessments of late charges, interest thereon at the maximum annual rate permitted by law from the due date, and cost of collection thereof as hereinafter provided) become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, and further, shall be a personal obligation of the then Owner, the heirs, devisees, personal representative, tenants, and assigns. Delinquent accounts shall be collected by the procedures stated in the By-Laws.

Section 8. Exempt Property. The following property, individuals, partnerships, corporations, or other entities, subject to this Declaration shall be exempted from the assessment, charge and lien created herein for so long as said properties either continue to be designated for or actually used for purposes hereinafter stated.

(a) The grantee in conveyances of utility easements:

(b) All Common Properties as defined in Article I:

(c) Property which is used for any of the following purposes:

(1) In the maintenance and service of facilities within Common Properties

(2) Places of Worship

(3) Schools

(4) Non-profit, governmental, and charitable institutions

(5) Water and Sewer Facilities

(6) Corolla Light PUD well sites for the PUD water system

(7) All properties set aside or designated for future use for utilities, well sites, sewage, Common Properties and open areas for so long as so designated.

(8) Lots owned by the Company for which the requirements of Article VII, Section 3(b) have not been met.

Section 9. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually within ninety (90) days after the close of the fiscal year of the Association, prepare and execute, or cause to be prepared by an independent party, a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than \$5,000.00. Such officer shall furnish to each Member of the Association who may make request therefor in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member either in person or by mail.

ARTICLE VIII FUNCTIONS OF THE ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties. The Association shall be authorized to own and/or maintain (subject to the requirements of any Federal, State or Local Governing body of North Carolina) Common Properties, equipment, furnishings, and improvements devoted to the following uses:

(a) For roads or roadways, and parkways owned by the Association along said roads or roadways throughout the Properties;

(b) For sidewalks, mail boxes, walking paths or trails, bicycle paths, and bridle paths throughout the Properties;

(c) For transportation facilities throughout the Properties other than privately owned automobiles, e.g., buses, trolleys, vans, electric vehicles, etc.;

(d) For security services including security stations, maintenance building and/or guardhouses;

(e) For providing any of the services which the Association is authorized to offer under Section 2 of this Article;

(f) For purposes set out in deeds or long-term leases by which Common Properties are conveyed or leased to the Association, provided that such purposes shall be approved by the Members of the Association as set out in Section 3 of this Article;

(g) For lakes, play fields, beaches, marshes, historic parks, wildlife areas, fishing facilities; and

(h) For water and sewage facilities and any other utilities, if not adequately provided by a private utility, the Company, or some other public body.

Section 2. Services. The Association shall be authorized (unless prohibited by the requirements of any Federal, State or Local governing body) but not required to provide the following services:

(a) Cleanup and maintenance of all roads, roadways, roadway medians, parkways, lakes, beaches, marshes, and other Common Properties and the grounds of all units within the Properties and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;

(b) Landscaping of roads and parkways, sidewalks and walking paths and any Common Properties;

(c) Transportation facilities other than privately owned automobiles, e.g. buses, trolleys, vans, etc.;

(d) Lighting of roads, sidewalks and walking paths throughout the Properties;

(e) Security provisions including, but not limited to, the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Properties and assistance to the appropriate law enforcement officials in the apprehension and prosecution of persons who violate the laws of North Carolina within the Properties;

(f) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;

(g) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(h) Maintenance of all lakes and lagoons located within the Properties, including the stocking of such lakes and lagoons;

(i) To take any and all actions necessary to enforce all Covenants and Restrictions affecting the Properties to perform any of the functions or services delegated to the Association in any Covenants or Restrictions applicable to the Properties;

(j) To set up and operate an Architectural Review Board;

(k) Improvement of fishing facilities available to Members within the Properties;

(l) To provide day care and child care services;

(m) To conduct recreation, sport, craft, and cultural programs of interest to Members, their children and guests. This shall include the operation, construction and maintenance of any facilities that the Board shall deem necessary for these programs;

(n) To provide legal and scientific resources for the improvement of air and water quality within the Properties;

(o) To maintain water search and rescue boats for the protection and safety of those in the waters located on or adjacent to the Properties;

(p) To provide safety equipment for storm emergencies;

(q) To support the operation of transportation services between key points of the Properties and the airports, other public transportation terminals and public centers serving the area surrounding the Properties;

(r) To construct improvements on Common Properties for use for any of the purposes or as may be required to provide services as authorized in this Article;

(s) To provide administrative services including but not limited to legal, accounting and financial; and communication services including newsletters and information to members of activities, Notice of Meetings, Referendums, etc., incidental to the above listed services;

(t) To develop programs and activities for the purpose of marketing Corolla Light as a Resort Community;

(u) To provide liability and hazard insurance covering improvements and activities on the Common Properties;

(v) To provide water, sewage, and any necessary utility services not provided by a public body, private utility or the Company;

(w) To provide, conduct, or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore bulkheads and groins;

(x) To provide any or all of the above listed services to another association or owners of real property under a contract, the terms of which must be approved by the Board of Directors.

Section 3. Obligations of the Association. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. The functions and services which the Association is authorized to carry out or provide may be added to or reduced at any time upon the affirmative vote of fifty-one (51%) percent or more of those voting in a Referendum of Members conducted by the Board of Directors.

Section 4. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association, which loans shall be used by the Association in performing its authorized functions. The Company may make loans to the Association, subject to approval by the Company of the use to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the regular annual assessment at any time there are outstanding any amounts due the Company as repayment of any loans made by the Company to the Association.

Section 5. Rules and Regulations for Common Areas. The Association shall have the power and authority to promulgate from time to time, amend and enforce by any lawful means, reasonable rules and regulations for the use of the Common Areas and facilities.

ARTICLE IX ARCHITECTURAL CONTROL

Section 1. Architectural Review Board. Architectural review shall be a function of the Association through an Architectural Review Board (ARB) appointed by the Board of Directors of the Association. The ARB shall be composed of at least three (3) but not more than eleven (11) members. At least one (1) member of the ARB shall be a member of the Association who will function as Chairperson.

Section 2. Architectural Review and Approval. Each property Owner within Corolla Light is responsible for his or her property's compliance with the architectural controls listed in this document. Any proposed improvements or changes to a property may affect compliance. The Covenants require that the Owner submit for and obtain approvals from the ARB prior to making the improvements or changes, in order to maintain compliance. This is true regardless of whether or not the work is being performed by the Owner or by a contractor. No building, painting, wall, fence, swimming pool or other structure shall be commenced, erected or maintained upon any Lot, Unplatted lands, commercial parcel, or any Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein, be made until the plans and specifications therefore showing the nature, shape, height, materials, exterior color and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Architectural Review Board.

Section 3. Architectural Review Procedure. The objectives of the ARB are as follows:

Architectural and development controls will be administered by the Architectural Review Board. The primary aim of the Board will be to promote the construction of appealing architectural designs, not duplicate the efforts of the County Building Inspector. The architectural design concept will require that buildings be unobtrusive in form and color in order to complement their natural setting. No particular period styles, foreign or geographic influences, or historical approaches are specifically endorsed or encouraged.

The main focus of the architectural concept will be to stress that the total community be homogeneous in feeling and design statements which vie for attention. Each building should be treated not as an individual creation or architectural entity, but rather as a carefully planned addition to the natural setting which embraces its site. Consequently, architectural solutions will vary according to their immediate surroundings.

The following fees are required and may be set from time to time by the Board of Directors of the Association:

a. Non-refundable Architectural Fee. With the submission of plans for construction on a Residential Lot, there shall be paid a non-refundable architectural fee to the Architectural Review Board with the amount of said fee being set by the Association from time to time. The purpose of the fee is to cover processing and compliance costs of the Architectural Review Board and the Association.

b. Security Deposit Required. A security deposit is required prior to the commencement of any on-site work. This deposit is refundable if Corolla Light Common Property sustains no damage or expense caused by construction activity and all construction debris is removed from the site as required.

c. Silt and Debris Fence Fee. A non-refundable fee will be charged for a silt and debris fence to be provided, constructed and maintained by CLCA staff. It will be placed around the lot to prevent construction debris and silt from contaminating adjoining property.

All communications relative to ARB matters including submittal of plans, requests for meeting with the Board, etc. should be made in writing and addressed to:

**Corolla Light Community Association, Inc., 1099 Ocean Trail, P.O. Box 490, Corolla, NC 27927
Telephone (919) 453-2455 FAX (919) 453-3134**

In submitting plans for either preliminary or final approval by the ARB, an "Application for Construction" form must be completed in full and submitted with appropriate plans, drawings, information, etc. as outlined below. Final approval and a building permit must be received from the ARB prior to the initiation of construction. Any changes desired in the siting of construction must be submitted in writing to the ARB for review and approval prior to initiation of work. Architectural review is accomplished in the following sequence:

1. Design Objective Review
2. Preliminary Plan(s) Review
3. Stake-Out Review
4. Acceptance

In order to provide a systematic and uniform review of proposed construction in Corolla Light, the following procedure has been established:

1. Design Objective Review. A request for Design Objective Review should be made to the ARB as soon as design objectives can be identified in sufficient detail to permit tentative drawings to reflect, in general form, spacial relationships, materials, articulations and circulation patterns. Schematic sketches, scale drawings, and renderings are most appropriate for preliminary review by ARB. The presentation material must include, but is not limited to, a site plan, elevation for all sides and a floor plan. The results of the ARB action will be forwarded to the applicant within thirty (30) days of submittal. If a substantive restudy is required, the applicant may resubmit plans for Preliminary Review without additional architectural fee before proceeding with the preparation of working drawings.

2. Preliminary Plan(s) Review. A request for the Preliminary Plan(s) Review shall be made to the ARB as soon as all plans, specifications and construction working drawings are available. Two (2) sets of the following plans and information shall be included in the submittal:

A. Topographic survey: (This topographic survey can be included on site plan.)

B. Site Plan: (at a scale not smaller than one inch equals ten feet) including:

- a. Property Line
- b. Access to Street
- c. Driveway, Walk and Patio
- d. Culverts (location, sizes and direction of flow)
- e. Drainage and Grading
- f. Location of Buildings
- g. Service Yard
- h. Entry to lot for water, electrical, telephone, and sewage services
- i. Elevation of lot corners, center of lot, culvert inverts, and edge of roadways.
- j. Tree survey showing location and species of all trees two (2) inches in diameter or larger; measured three (3) feet above natural ground. Indicate trees proposed to be removed.
- k. Location and identification of special features such as drainage ditches, drives, nearby lagoons, easements, etc.
- l. Percent lot coverage (up to the maximum allowed by County of Currituck PUD regulations).

C. Construction Working Drawings

D. Landscape Plan: (at a scale not smaller than one inch equals ten feet) including:

- a. Size, Location and Type of all planting
- b. A schedule of all plant material
- c. All surfacing material such as concrete, grass, asphalt, etc.
- d. Location of all exterior lighting and signage.

E. Specifications: Including all exterior colors, materials, and special conditions as appropriate. The results of the ARB action will be forwarded to the applicant within thirty (30) days of submittal. If the application is disapproved, the applicant can request to meet with the ARB for the purpose of reaching an understanding for an acceptable resubmission.

3. Stake-Out Review. After being notified by the ARB of Preliminary Plan(s) approval of applicant's plans and specifications, staking-out on the lot can be undertaken. The outline of the foundations of all structures should be identified by a series of stakes connected by string. Driveways, walks, and service yards should also be staked out. Each tree to be removed should be flagged with RED tape. The ARB should be notified by the applicant when staking is completed and the properties ready for inspection. The applicant will be advised of the ARB action within fourteen (14) days after notification.

Upon the approval of the stake-out, the ARB will approve the project in writing. Upon receipt and posting of building permits and clearing, construction can be started.

4. Acceptance. The ARB will make periodic site inspections during construction. An application should be made to the ARB for an occupancy permit when all county inspections have been made and approved and the permanent electrical meter has been installed. The ARB will make the acceptance inspection within seven (7) days of notification. If site and buildings are acceptable, an occupancy permit will be granted and amenity use approved.

Section 4. Site Requirements and Construction Standards. The following requirements address construction standards, house location and landscaping at the individual site for each Corolla Light Family Dwelling Unit, and will be used by the Architectural Review Board in evaluating all submissions for both new houses and additions or improvements to existing homes. Hotels will be subject to separate architectural review standards established by the ARB.

(a) Home Plans: The interior of each plan should reflect life-style and will only be reviewed in terms of its influence on the exterior character of the home in determining the exterior elevations. The ARB will reserve the right to refuse any plan solely on its lack of architectural integrity and quality of products specified for construction. In this respect, it is the intention of the ARB to maintain and insure high value of resale throughout the development, and it may at any time reject a proposed plan upon purely aesthetic values.

(b) Square Footage: Single family detached homes must have a minimum of 1,700 square feet of heated living area. Total square footage of living area will be calculated excluding decks, porches, storage areas and utility rooms. For all lots located in Phases 9A and 5A of Corolla Light PUD, no more than 3,550 square feet of any lot shall be covered by structures and paved surfaces, including walkways or patios, of brick, stone, slate or other similar impervious materials. Walkways and decks which are constructed

such that an air space is provided between individual boards allowing runoff to drain directly into the ground beneath are excluded from the 3,550 feet maximum coverage of impervious materials. This Covenant is intended to insure continued compliance with storm water runoff rules adopted by the State of North Carolina and therefore the benefits thereof may be enforced by the State of North Carolina.

(c) Setbacks: The setbacks for all homes and structures in the Development shall be that setback as shown and delineated on the final plat of each phase of the subdivision as recorded in the Register of Deeds of Currituck County Registry. The setbacks are inspected by the County Building Inspector.

(d) Exterior: Roof lines should be strong and varied in nature. Special attention should be paid to the interworking relationships with the total structure. The extension of the overhang should be in balance with both the size of the roof and the volume of the structure in relationship to the length of the overhang. Roof slopes on the main portion of the structure should be a minimum of 5 to 12 to insure the balance of volume between structure and roofline, excepting roof slopes on multi-family structures permitted in multi-family phases may have a minimum roof slope of 4 to 12. Dormer rooms may vary with a minimum slope of 8 to 12. No gutters are permitted except over doors. Flat roofs are not acceptable.

(e) Roofing: Cedar shingles or shakes are a highly recommended roofing product; however, any architectural grade product with weight of 300 lb. per square or greater will be acceptable. A sample of asphalt shingles must be submitted with the plan application for approval by the ARB. Shingles shall be inspected on site after delivery to ensure the product is the same as the sample submitted.

(f) Roof Penetrations: Penetration of the roof by exposed chimney stacks, exhaust fans and plumbing vents shall be located for minimum visibility. Chimneys above the roofline shall be enclosed with wood siding, cedar shake shingles or the chimney should be of masonry construction.

(g) Siding: All exterior siding shall be of a type and material as to reflect a harmony with the environment and the other homes in the neighborhood. In particular, 4' x 8' siding material, vinyl siding, and beveled siding are unacceptable in all phases, except that in Phase 7A textured hardboard lap siding shall be permitted on multifamily structures. Specifically, Dolly Varton cedar lap siding and Hardee plank horizontal siding are acceptable in all areas of the Development.

(h) Exterior Finish: Shall be of earth tone colors (with the exception of most pastels) and or natural colors so as to be in harmony with its setting. A copy of the siding stain or color must be submitted to the ARB with the plans for approval. No change of color will be permitted at any time without the approval of the ARB. The ARB has selected a range of colors that are acceptable and only colors within this range will be approved.

(i) Railings and Foundation Screening: Many designs are acceptable and will be considered according to safety and coordination of overall design. Detailed drawings must be submitted with plans. Additional screening, such as for HVAC units and gas bottles, must match the foundation screening design.

(j) Siting: The siting of the house should reflect individual desirability of view, privacy for existing neighbors, orientation for sun and prevailing winds, and possible energy gain. Observing all building setbacks of front, side and rear yards, the placement shall enhance the view from each individual structure while being compatible with the established adjacent homes. The Siting of each house will be reviewed during the stake-out review phase of the review process.

(k) Driveway: There must be sufficient parking at each home to provide one parking space for each bedroom in a home. Parking under the unit is encouraged and desired. Driveways should be constructed with nontinted concrete. Other surfaces will be reviewed on an individual basis.

(l) Construction Driveways: A construction driveway is required and shall be installed before construction begins on each home; this will consist of a clay base from the road to the building site or parallel to the road from property line to property line 10' wide. No construction vehicles will be allowed to park on the roads and shoulder (except where a clay base construction driveway has been installed) during the construction of any home.

(m) Construction Debris: Construction debris must be stored in a designated trash bin and disposed of before the bin is overflowing. Debris should be disposed of at least weekly. In the event of unusual circumstances, bins that cannot be dumped on time must be covered until they are dumped. No burning of debris is permitted.

(n) Windows: The placement of windows and uniqueness of window design is an excellent way to help enhance the character of the home. Due to the severe weather conditions along the coastline, a well-made wood or vinyl clad window is recommended.

(o) Landscaping: Landscaping in Corolla Light is somewhat site specific. There are some areas (such as along the soundside and on heavily wooded lots) where complete landscaping of the lots is not required. However, a minimum standard of maintenance is required to control the areas left in a natural state. These areas must be cut back on a periodic basis and maintained in such a way as to be harmonious with surrounding homesites. Areas such as Phase 8, the Villas, and Mirage must be completely landscaped and maintained at all times. Total lot coverage with an approved ground cover and/or landscaped plant beds are the minimum standard for these areas. Weeping Love Grass has proven to be a fire hazard and will not be allowed if planted within 10' of the home or outdoor grills. Stone mulching is prohibited adjacent to CLCA Common Property and streets. Additionally, large plants (such as Black Pines and Pampas Grass) that will obstruct visibility are prohibited within 15' of the street edge. Plants such as Prickly Pear Cactus and Yuccas are prohibited within 10' of Common Property walkways and streets as they are prone to inflict injury to passersby. Landscape plans must be submitted with building plans and be drawn on a minimum scale of 1" = 10'. Plants and vegetation requiring little water and low maintenance are advised. Plans must include a complete description of all materials used listed in a proper legend on the plans. All landscaping plans are the responsibility of the Owner. Contractors must keep all materials on the lot and all vehicles must be kept on the lot as well. Parking on the street, sidewalks, or trails is prohibited. Contractors are responsible for stabilizing all areas disturbed in their landscape installations to prevent wind blown debris and sand from being blown onto adjacent properties. All debris from the site must be removed from Corolla Light by the contractor. There is no dump site in Corolla Light for these types of waste. Contractors are responsible for leaving their job sites clean at the end of each workday with a final clean-up at the end of each job. The ARB may, at any time, contact any Owner to inform them of substandard landscape

maintenance of their property; and, if after a notice of 15 days the Owner has not contacted the Association to make arrangements to correct the problem, the ARB will have the lot brought up to the minimum standards and the owner will be billed for the cost.

(p) Height Limitation: No single family structure shall exceed a height of 35 feet as measured from the average grade of the foundation to the highest point of the room, including all accessory portions attached to roof excepting ornamental cupolas and weather vanes.

(q) Miscellaneous Site Features: Garbage cans must be kept under the homes at all times (exceptions are: the Villas and homes with appropriate screening to conceal cans from view). Natural screen planting is encouraged around the trash can screens. All mail boxes and house numbers shall be uniform in design. All house numbers shall be placed in compliance with the local ordinances. Screening is mandatory for fuel tanks, HVAC units and related visual obstructions and attractive nuisances, and landscape design plans for such natural screening shall be submitted to the ARB prior to construction. Clotheslines and similar devices shall only be located within the main structure and not visible on the exterior.

(r) Lighting: Security types, mercury vapor, yard lights, and offensive bright distractions are discouraged. All exterior lighting fixtures shall be submitted for approval. No area lighting shall encroach across property lines.

(s) Fencing: Perimeter yard fencing to establish boundaries and define areas for animals or children is expressly prohibited. Fencing should be for accent only. Sand fencing to contain sand and to control erosion is acceptable if placed in a random pattern and if there is no visual interference to an adjacent home. Landscape fencing should not exceed 4' in height, be made of wood or PVC and be of an open nature. Sand fences, landscape fencing and pool fencing will be considered by the ARB on an individual basis. Written permission from the ARB is required before a fence of any kind is considered.

(t) Signs: No signs whatsoever shall be erected, attached to or maintained on any lot by anyone including, but not limited to the Owner, a realtor, or any of their agents and employees (except with the written permission of the ARB or except as may be required by legal proceedings or except as stated in this paragraph. It is understood that the ARB will not grant permission for any sign unless its erection is reasonably necessary to avert serious hardship to the property owner. If such permission is granted, the ARB reserves the right to restrict the size, color, content of such signs. The ARB will permit, upon written application, not more than one each for any lot, property identification and "For Rent" signs, each of which does not exceed a combined total of more than two (2) square feet; provided, however, said signs are approved by the ARB as to size, color, and content. During the period of construction, construction-related signs may be permitted by the ARB.

(u) Government Regulation: In addition to approvals from the Association or ARB, permits may be required by the county or CAMA. It is not the responsibility of the Association, the ARB or the Developer to obtain any other permits for the Owner, nor to provide any guarantees or waive any legal requirements for compliance with any state or county law.

(v) Townhouses: Single family town houses may be constructed in those phases of the Development which are designated by the Declarant for townhouse development, however, townhouse development in a townhouse phase does not preclude single family residential lots from also being included in said phase. Townhouses may be constructed with a maximum of 6 units in each townhouse cluster; further, there shall be no minimum setback requirements from any of the property lines of a townhouse lot; however, there shall be a minimum of 20 feet separating any townhouse cluster from any other cluster or single family subdivision lot. Each townhouse unit must be constructed on and conveyed with an individual townhouse lot. For townhouse development all other construction and architectural standards provided by these covenants shall apply except as specifically amended in this paragraph for townhouse development.

(w) Water Conservation: Because of the fragile environment of the Currituck Outer Banks and the scarcity of potable water, it is necessary to conserve fresh water and to institute conservation measures which will have the effect of reducing fresh water consumption. Therefore, the following Restrictions and Covenants A through D shall apply to houses and structures in the Development built after October 9, 1991 including any additions to houses existing as of that date.

A. Occupancy: All single family houses constructed in the Development shall be designed and constructed to accommodate no more than 6 bedrooms and a total of 12 occupants. In determining occupancy, the Architectural Review Board shall consider the number and size of the bedrooms and bathrooms in the proposed building plans. Bedroom, for this purpose, is defined to mean any room that may be used to increase the number of occupants that the structure may accommodate.

B. Bathtubs and Hot Tubs: Hot tubs which use chemicals for the purpose of purifying the water contained therein and which are not emptied at intervals of less than one week shall be permitted. All other hot tubs and hot tubs which are emptied at intervals less than weekly shall not be permitted. Further, whirlpools, bathtubs, jacuzzis and similar tubs shall not exceed a capacity of 65 gallons of water and no more than two such tubs shall be permitted in any residential house or unit.

C. Flush Toilet Capacity: Only flush toilets designed to use 1.3 gallons or less may be utilized in any dwelling unit. No flush toilets utilizing more than 1.3 gallons shall be permitted. Water limiting/economizer devices shall be installed on all showers and sinks. The Architectural Review Board and its appointed representative shall have the right to inspect all new structures for compliance with this provision.

D. Lawn Irrigation: Lawn irrigation is currently accomplished through connection, by separate shut off, to the Corolla Light water system. It is anticipated that in the future lawn irrigation water will be provided by separate supply lines. The Architectural Review Board shall have the power to specify the source of water for each lot. The supplier of water to the Development, Carolina Water Service, or its successor, has the authority to order discontinuance of lawn irrigation in order to conserve water for human consumption.

(x) Changes in Approved Materials: New construction materials are offered in the marketplace from time to time. The Board of Directors shall have the right to reject or approve the use of these materials in our community based on its sole discretion.

(y) Condominiums: Condominiums may be constructed in only those phases of Corolla Light PUD which are designated by the Declarant for condominium development. Condominiums may be constructed with a maximum of six (6) units in each separate condominium building; further, there shall be no minimum setback requirements from any of the property lines of a condominium

except as may be required by Currituck County Zoning Regulations. Further, individual condominium units shall have a minimum square footage of heated living area of 1,200 square feet. Common areas, parking areas which serve the condominium units, and utility and service facilities shall constitute common elements unique to the condominium development with the construction, operation and maintenance thereof being the sole responsibility of the condominium property owners association. All recreational amenities in any condominium development or tract, upon completion thereof, shall be conveyed to and become the responsibility of the Association for the purpose of ownership, operation, regulation and use thereof in accordance with the Covenants and regulations adopted pursuant thereto. Each Owner of a condominium unit, including the Developer, shall be a Type B member of the Association as defined in the Covenant and the corporate charter of the Association and subject to the privileges, duties and obligations, including the obligation to pay dues and assessments as set out and authorized by the Covenants as amended.

(z) Construction Sanitary Facilities: No house construction shall commence until such time as the contractor has installed on the lot on which construction is to be commenced, a portable chemical toilet which toilet shall be maintained on the site until construction is completed.

Section 5. Right of Appeal. Any Owner, in good standing, may appeal decisions rendered by the ARB to the Board of Directors of the Association. Such appeal shall be in writing and the Board shall consider the issue at its next scheduled meeting. The decision of the Board shall be final.

ARTICLE X GENERAL PROVISIONS

Section 1. Duration. The Covenants and Restrictions of this Declaration shall run with and bind the land, by whomsoever owned, and shall inure to the benefit of and be enforceable by the Association, the Company or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period this Declaration shall be automatically renewed and extended for an unlimited number of successive ten (10) year periods upon the expiration of each ten (10) year period; there shall be no renewal or extension of this Declaration if during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be placed Of Record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. The Company specifically reserves the exclusive right to Amend this Declaration, or any portion hereof, on its own motion, from the date hereof until January 1, 2000, and subsequent thereto where such amendment is dictated or mandated by law or by the particular circumstances of an addition to the existing property. Providing, however, that except for the effects of the addition of new Members, such amendment shall not dilute the voting power, nor shall the amounts of assessments of such existing Members be raised. Thereafter, the procedure for amendment shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes necessary to adopt the amendment, and the total number of votes cast in favor of such amendment, and the total number of votes cast against the amendment. Such Addendum shall be placed Of Record.

The quorum required for any action authorized to be taken by the Association under this Section 2 shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Article X, Section 2, the meeting of the Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the membership of the Association.

Notwithstanding the provisions of this Section 2, neither the Association nor the Members shall have the power to, and no amendment to these covenants shall, change, amend or delete the provisions of Article VII, Section 3 (b) which establishes the conditions under which lots are classified and made subject to these Covenants.

Section 3. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any Covenant or Restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member of the Company to enforce any Covenant or Restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions and to construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will tend toward the consummation of the general plan of development.

Section 5. Severability. Should any Covenant or Restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and shall remain fullforce and effect.

If any provision of this Declaration, or any section, sentence, clause, phrase or word or the application thereof in any circumstances, shall be held invalid, the validity of the remainder of this Declaration and of the application of such provision, sentence, clause, phrase or word and under any other circumstances shall not be affected thereby. If any provision of this Declaration would violate the Rule against Perpetuities or any other limitation on the duration of the provisions contained herein imposed by law, then such provisions shall be deemed to remain in effect only for the maximum permissible period permitted by law or until twenty-one (21) years after the death of the last survivor of the now living descendants of any owner in the Development, whichever is later.

Section 6. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 7. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's Membership list. Notice to one of two or more joint owners of a Residential Lot, Family Dwelling Unit, Hotel, or Unplatted land shall constitute notice to all joint owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of:

(a) the Zoning Ordinance of Currituck County, North Carolina and the rules and regulations promulgated thereunder as may from time to time hereafter be amended or modified,

(b) the Master Plan for the Development as approved by appropriate governmental authority as may from time to time hereafter be amended or modified,

(c) all conditions imposed on the Company in connection with the conditional use granted to the Company by such governmental agency allowing the development of a Planned Unit Development under such Zoning Ordinance of Currituck County as may from time to time hereafter be amended or modified.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Company or the Association contemplated under this Declaration, neither the Company nor the Association shall be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way reacting to the subject matter of any such reviews, acceptances, inspections, permissions, consents, or required approvals, whether given, granted or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties belonging to the Association and all powers and authority of the Association as set forth in the Covenants, the Articles of Incorporation and the By-Laws, at the time of such adjudication shall revert to the Company, and the Company shall own and operate said Common Properties as Trustee for use and benefit of Owners within the Properties as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article III, all Common Properties owned by the Association and all powers and authority of the Association at such time shall be transferred to a properly appointed Trustee which Trustee shall own and operate said Common Properties for the use and benefit of Owners within the Properties as set forth below:

(a) Each lot or parcel of land located within the Properties shall be subject to an annual assessment which shall be paid by the Owner of each such lot or parcel to the Company or Trustee, whichever becomes the successor in title to the Association. The amount of such annual assessment and its due date shall be determined solely by the Company or the Trustee, as the case may be, but the amount of such annual assessment on any particular lot or parcel shall not exceed that amount actually assessed against that lot or parcel in the last year that assessments were levied by the Association, subject to the adjustment set forth in subparagraph (b) immediately below.

(b) Any past due annual assessment together with interest thereon at the annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time that annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, the heirs, devisees, personal representatives and assigns.

(c) The Company, or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the Common Properties. The Company or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligation to provide for operation, maintenance, repair and the upkeep of the Common Properties once the funds provided by the annual assessment have been exhausted.

(d) The Company shall have the right to convey title to the Common Properties and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(e) The Trustee shall have the power to dispose of the Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty- one (51%) percent of the Owners of Property within the Properties, or in the alternative, shall be found by a final judicial decree to be in the best interests of the Owners of property. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Properties then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such Properties, then for the payment of any obligations distributed among the Owners of Property within the Properties, exclusive of the Trustees, in a proportion equal to the portion that the maximum annual assessment on property owned by a particular Owner bears to the total maximum annual assessment for all property located within the Properties.

**ARTICLE XI
RIGHTS OF MORTGAGEES**

So as to promote and encourage the making of loans by lenders with respect to the Properties which may be secured by mortgages or deeds of trust ("Mortgages") on a Residential Lot, Family Dwelling Unit, Unplatted Land or Hotel (or with respect to any other portions of the Properties which may hereinafter become subject to a Mortgage) the Declarant, notwithstanding any other provisions hereinabove or hereinafter set forth, hereby adopts the following special provisions for the benefit of all holders of a first Mortgage of Record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value:

Section 1. Priority of Lien. The lien of the Association established by this Declaration for the payment of any assessments or other charges shall be entirely subordinate to the lien of any first Mortgage. The holder of any first Mortgage who obtains title to a portion of the Properties subject to the Declaration shall not be liable for any unpaid dues or assessments which accrue prior to the acquisition of title to such property by the mortgagee. However, upon acquisition of title by the Mortgagee or any related entity, then dues and assessments shall be the liability of said Mortgagee.

Section 2. Right of First Refusal. The holder of a first Mortgage shall at no time be subject to any "right of first refusal" now or hereinafter contained in the Declaration or in any other instrument affecting the Property subject to such Mortgage.

Section 3. Effect of Amendments. No amendments may be made to this Declaration which affect the provisions of this Article XI to the detriment of any holder of a first Mortgage without the written consent of 100% of the holders of such first Mortgages.

IN TESTIMONY WHEREOF the said Declarant has caused this instrument to be signed in its corporate name by its duly authorized officers and its corporate seal affixed hereto by authority of its Board of Directors, all the day and year first above written.

OUTER BANKS VENTURES, INC.

**BY: _____(SEAL)
R. A. BRINDLEY, PRESIDENT**

**CORPORATE SEAL
SEAL**

ATTEST:

PATRICIA S. BRINDLEY, SECRETARY

**STATE OF NORTH CAROLINA
COUNTY OF _____**

I, _____, a Notary Public of the County and State aforesaid, certify that **PATRICIA S. BRINDLEY** personally came before me this day and acknowledged that she is Secretary of **OUTER BANKS VENTURES, INC.**, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by herself as its Secretary. Witness my hand and official stamp or seal, this ____ day of _____, 1997.

Notary Public

MY COMMISSION EXPIRES: _____.

SEAL-STAMP

NORTH CAROLINA, CURRITUCK COUNTY

The foregoing Certificate(s) of _____

_____ is/are certified to be correct.

This instrument was presented for registration at _____ o'clock ____ on _____, 1997, and

recorded in Book _____ Page _____.

_____ BY: _____
REGISTER OF DEEDS **ASSISTANT REGISTER OF DEEDS**

COROLLA LIGHT COMMUNITY ASSOCIATION, INC.
AMENDED AND RESTATED BYLAWS
JUNE 18, 2005

ARTICLE I
MEMBERS

Section 1. Membership in the Association. The Members of the Corolla Light Community Association, Inc. (hereinafter referred to as "Association"), shall be every Owner (as defined in the Covenants hereinafter described) of the property subject to the provisions of the Corolla Light PUD Subdivision Declaration of Covenants, Conditions, and Restrictions (all such covenants, restrictions, and affirmative obligations, as the same may be amended from time to time, are hereinafter referred to as the "Covenants"), all such Covenants having been made by Corolla Light Venture (hereinafter referred to as the "Company").

The Board of Directors of the Association may suspend, in accordance with Article IV, any person from membership in the Association during any period of time when such person is in default of any of his obligations under the Bylaws (including, without limitation, the failure to pay any assessment), provided that such default has continued uncured for a period of ten (10) days after written notice thereof to such Member.

Section 2. Membership Classes. Membership classes are as defined in the Declaration of Covenants, Conditions, and Restrictions.

ARTICLE II
MEETINGS OF THE MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members shall be held on a date to be set no later than one year after the first lot is conveyed to an entity other than the Company. Such annual meetings shall be held for the purpose of electing new directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meeting. Special meeting of the Members may be called by the President, the Board of Directors, or subsequent to the first annual meeting, Members of the Association holding not less than one-fifth (1/5) of the votes.

Section 3. Place of Meeting. The Board of Directors may designate any location within Currituck County, North Carolina as the place for any annual meeting or special meeting, called by the Board of Directors, and the President may designate any location as the place for any special meeting called by him. If no designation is made or if a special meeting is called by the Members of the Association, the place of meeting shall be the principal office of the Association within Currituck County, North Carolina or at such other place as the Board of Directors may designate.

Section 4. Notice of Meeting. Written notice stating the place, day, and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the personnel calling the meeting, to each Member of the Association at his address as shown on the records of the Association. A Member may, in writing, signed by him, waive notice of any meeting before or after the date of the meeting stated therein.

Section 5. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum of such meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Membership Association.

Section 6. Conduct of Meetings. The Directors may make such regulations as they deem advisable for any meeting of the Members, including proof of membership in the Association, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulations shall be binding upon the Association and its Members.

Section 7. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against the motion. Each ballot which is presented at such meeting to be counted in calculation the quorum requirements

set out in Section 6 of this Article II. Provided however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot. The procedures for authenticating such ballots shall be as determined by the Board of Directors.

ARTICLE III DIRECTORS

Section 1. General Powers. The affairs of the Association shall be managed by its' Directors. The Directors need not be Members of the Association.

Section 2. Number, Tenure, and Term Limits. The number of Directors shall be nine (9) and the terms shall be staggered to coincide with the expiration dates as to each currently serving member of the Board of Directors. Each director elected shall serve a term of three (3) years from the date of election or until their successor shall be duly elected. Any vacancy occurring in the Board of Directors may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors, or by a sole remaining Director and, if not previously filled, shall be filled at the next succeeding meeting of the Members of the Association. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he or she was elected to fill. No person shall serve more than two (2) consecutive three-year terms as Director. However, any person appointed or elected to fill a vacancy on the Board of Directors shall serve the remaining unexpired term of the vacant seat and such service shall not be considered for purposes of determining whether that person is eligible for election or reelection to the Board of Directors under the two term limit. Election of Directors may be conducted by mail ballot if the Board of Directors so determines.

Section 3. Annual Meetings. Annual meetings of the Board of Directors shall be held immediately following the annual meeting of the Members. The Board of Directors may provide by resolution the time and place for the holding of the additional regular meetings of the board without notice. In addition, any regular meeting, other than the Annual Meeting, may be held via telephone or other electronic conferencing call.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors by giving notice thereof as provided in Section 5 of this Article III. Such persons calling a special meeting of the Board of Directors may fix any location as the place for holding such special meeting. Any special meeting may be held via telephone or other electronic conferencing call.

Section 5. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least ten (10) days previous to such meeting by written notice delivered personally or sent by mail to each Director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited postage prepaid in the United States mail in a sealed envelope properly addressed. Any Director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a Director at any meeting shall constitute waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need to be specified in the notice or waiver of notice of such meeting unless specifically required by law, the Articles of Incorporation, these Bylaws, or the Covenants.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

Section 7. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any Director may be reimbursed for his actual expenses incurred in the performance of his duties as Director but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

ARTICLE IV POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the use of the Common Properties, Purchased Common Properties, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Members shall be in default in the payment of any assessment levied by the Association. Default shall occur thirty (30) days after an assessment due date if the assessment remains unpaid. Such rights may also be suspended after notice and hearing, for a period not to exceed ninety (90) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Bylaws or the Covenants; and
- (d) employ a manager, an independent contractor, or such other employees as they deem necessary, and then prescribe their duties.

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

- (a) cause to be kept a complete record of all its acts and Association affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) vote of the Members who are entitled to vote;
- (b) supervise all officers, agents, and employees of the Association and to see that their duties are properly performed;
- (c) as more fully provided in the Covenants, to:
 - i. fix the amount of all assessments;
 - ii. send written notice of all assessments to every owner subject thereto;
 - iii. foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same; and
 - iv. provide for a Board of Architectural Review, should the Developer convey said authority to this Board.
- (d) Issue, or cause an appropriate officer to issue, upon demand by any persons, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) Procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; to provide errors and omissions or similar insurance for officers and members of the Board, as it may deem appropriate;
- (g) Cause the Common Properties and Purchased Common Properties to be maintained or improved.

ARTICLE V MERGERS AND CONSOLIDATION

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other non-profit associations organized for the same purpose; provided, however, that any such mergers or consolidation shall require approval by the vote of two-thirds (2/3) of the Type A, B, C, or D memberships, if any, at a meeting duly called for such purposes.

Upon merger or consolidation of the Association with another association or associations, its property rights and obligations may, by instrument of transfer or operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving Association pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall affect any revocation, change or addition to the Covenants, including, without limitation, the maximum limits on assessments and dues of the Association, or any other matter substantially affecting the interest of Members of the Association.

**ARTICLE VI
SECURITY FOR LOANS**

To the extent provided by law, the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions. Notwithstanding anything in the Covenants to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular annual assessment at any time there are outstanding amounts as repayment of any such loans.

**ARTICLE VII
OFFICERS**

Section 1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary. The President shall be a Director of the Association. Other officers may be, but need not be, Directors of the Association.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each Annual Meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors, except as otherwise determined by the Board of Directors. The President shall be chief executive officer of the Association.

**ARTICLE VIII
COMMITTEES**

Section 1. Executive Committee. There shall be an Executive Committee of the Board of Directors, comprised of the officers of the Board, which shall have and exercise the authority of the Board of Directors in the day-to-day management of the affairs of the Association; provided, however, that the Executive Committee shall not have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger, or consolidation of the Association, the amendment of the Articles of Incorporation of the Association; or the sale, lease, or exchange of all or substantially all of the property of the Association; (b) the filling of vacancies in the Board of Directors or on the Committee; (c) the amendment or repeal of these Bylaws or the adoption of new Bylaws; and, (d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of Directors present at a meeting at which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be chaired by a member of the Board of Directors. Other committee members may, but need not, be members of the Board of Directors.

Section 3. Rules. Each committee may adopt rules of its own government not inconsistent with the terms of the resolution of the Board of Directors designation the committee or with rules adopted by the Board of Directors.

**ARTICLE IX
BOOKS AND RECORDS**

The books, records, and papers of the Association shall at all times be subject to inspection by any Member during reasonable business hours. The Covenants and Bylaws of the Association shall be available for inspection and purchase by any Member at the principal office of the Association.

**ARTICLE X
PROXIES**

Section 1. Voting by Proxy. Each member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. Execution of Proxies. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy shall automatically cease upon sale by the Member of his lot.

**ARTICLE XI
CONSTRUCTION**

In the event of a conflict between the Covenants and the Bylaws, the Covenants shall control.

**Article XII
ASSESSMENTS**

As more fully provided in the Covenants, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due, shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of the delinquency at the maximum rate applicable by law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Properties or abandonment of his lot.

**ARTICLE XIII
CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: COROLLA LIGHT COMMUNITY ASSOCIATION, INC., State of North Carolina, 1985.

**ARTICLE XIV
AMENDMENTS**

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the Board of Directors, at a regular or special meeting of the Board by a vote of the majority vote of all Directors, providing notice of such pending action is given in the call for said meeting.

**ARTICLE XVI
DISSOLUTION**

If the Board of Directors determine that it is in the best interest of the Association, its members, and/or of the company to dissolve the Association it may call a meeting to consider such action in accordance with this document and the Declaration of Covenants, Conditions, and Restrictions.

**ARTICLE XVII
LESSER ASSOCIATIONS**

The Association shall have the right to establish any lesser associations that it may require to provide for the operation of the Association and to carry out its assigned responsibilities.

This is to certify that the foregoing amended and restated Bylaws were adopted by the Board of Directors of the Corolla Light Community Association, Inc. at its regular meeting held on June 18, 2005.

Jane Horvath
Secretary

"ATTACHMENT B"
ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
COROLLA LIGHT COMMUNITY ASSOCIATION, INC.
(a North Carolina Non-Profit Corporation)

Pursuant to Articles 5 and 10 of Chapter 55A of the North Carolina General Statutes, the undersigned non-profit corporation organized and existing under Chapter 55A of the North Carolina General Statutes does hereby execute and submit these Articles of Amendment for the purpose of amending its Articles of Incorporation filed May 13, 1985 as Amended by Articles of Amendment filed October 22, 1990:

I.

The name of the corporation is Corolla Light Community Association, Inc.

II.

The text of each amendment adopted pursuant to Judgment dated June 20, 1994 of the Currituck Superior Court in File No. 92-CVS-179 is as follows:

Section C of Article IV ("Membership") is hereby deleted in its entirety and in place thereof a new Section C is adopted as follows:

IV
MEMBERSHIP

C. There are five (5) classes of membership in Corolla Light Community Association, Inc., the classes of membership and the respective voting rights of each class of membership shall be as follows:

TYPE A: Type A Members shall be all Owners (including the Company) of unimproved Residential Lots. An Owner of a Residential Lot upon which a Family Dwelling Unit has not been constructed shall be entitled to one vote for each Family Dwelling Unit which he owns.

TYPE B: Type B Members shall be all Owners (including the Company) of Family Dwelling Units. An Owner of a Family Dwelling Unit shall be entitled to one vote for each Family Dwelling Unit which he owns.

TYPE C: Type C Members shall be all those Owners (including the Company) of unplatted lands for which the County of Currituck has granted preliminary plat approval to construct family dwelling units and on-site work has commenced. As of the date of commencement of on-site work after the granting of preliminary plat approval, a Type C Member shall be entitled to one vote for each family dwelling unit for which preliminary plat approval has been received.

TYPE D: Type D Members shall be all those Owners (including the Company) of a hotel or other similar multi-unit structure of rental rooms or suites to the public. A Type D Member shall be entitled to one-fourth vote for each bedroom within the hotel or similar structure, it being deemed that for the purposes of voting, four bedrooms is equivalent to one family dwelling unit. Fractional votes may be cast.

TYPE E: Type E Members shall include all those Owners (including the Company) of unplatted lands or sites. A Type E Member shall be entitled one vote for each acre of unimproved lands. In computing the number of votes to which a Type E Member shall be entitled, the amount of the acreage shall be rounded to the nearest whole acre, with one-half and above being equivalent to a whole acre.

III.

The foregoing amendments were approved and adopted by (a) the Board of Directors; (b) at least two-thirds of the votes entitled to be cast by the members present or represented by proxy at the regular meeting of the Members of Corolla Light Community Association, Inc. held _____, 1996 at which a quorum was present and notice given as provided by N.C. General Statute Sec. 55A-10-03; and (c) Outer Banks Ventures, Inc., the successor to the original developer of Corolla Light PUD.

This the _____ day of _____, 1996.

_____, President

(CORPORATE SEAL)
ATTEST:

_____, Secretary

OUTER BANKS VENTURES, INC.

_____, President

(CORPORATE SEAL)
ATTEST:

_____, Secretary

I, the undersigned, natural person of the age of eighteen years or more, do hereby make and acknowledge these Articles of Incorporation for the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina, entitled "Non-Profit Corporation Act", and the several amendments thereto, and to that end do hereby set forth:

I.
NAME

The name of the corporation is Corolla Light Community Association, Inc.

II.
DURATION

The period of duration of the corporation shall be perpetual.

III.
PURPOSES AND POWERS

The purposes for which this corporation is organized are:

(a) The operation and management of the planned unit subdivision development known as Corolla Light PUD located in the Village of Corolla, Poplar Branch Township, Currituck County, North Carolina, and to that end shall have power and authority;

(i) To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of Corolla Light Community Association, Inc. in accordance with the terms, provisions, conditions and authorization contained in these articles and in the Declaration of Covenants, Conditions and Restrictions which shall be recorded in the Public Records of Currituck County, North Carolina, at such time as the real property and the improvements thereon are submitted to said Declaration;

(ii) To make, establish and enforce reasonable rules and regulations governing the use of subdivision development, common elements, land, other real and personal property which may be owned by the Association itself;

(iii) To make, levy and collect assessments against lot owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration of Covenants, Conditions, and Restrictions and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; said assessments being used to promote the recreation, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas, including but not limited to the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the By-Laws, including the employment of attorneys to represent the association when necessary for such other needs as may arise.

(iv) To maintain, repair, replace and operate the properties for which the Association is responsible.

(v) To enforce by any legal means, the provisions of the Declaration of Covenants, Conditions and Restrictions, the By-Laws of the Association, and the rules and regulations for the use of the Association property.

(vi) To contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association.

(b) The Association shall have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration of Covenants, Conditions and Restrictions of Corolla Light PUD and all powers reasonably necessary to implement the purposes of the Association.

IV.
MEMBERSHIP

A. The membership of Corolla Light Community Association, Inc. shall consist of the owners of lots in Corolla Light PUD and Corolla Light Venture, the Developer and the owners of any other lands which may be added thereto by the Declarant. Membership shall be established by acquisition of fee title to a lot in Corolla Light PUD whether by conveyance, devise, or judicial decree. a new owner designated in such deed or other instrument shall thereupon become a member of the Association, and the membership of the prior owner as to a lot designated shall be terminated. Each new owner shall deliver to the Association a true copy of such deed or instrument of acquisition of title.

B. The share of a member in the funds and assets of the corporation, and membership in the corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to a Corolla Light PUD.

C. There are five classes of membership in Corolla Light Community Association, Inc., the classes of membership and the respective voting rights of each class of membership shall be as follows:

TYPE A: Type A Members shall be all Owners (including the Company) of unimproved Residential Lots. An Owner of a Residential Lot upon which a Family Dwelling Unit has not been constructed shall be entitled to one vote for each Family Dwelling Unit which he owns.

TYPE B: Type B Members shall be all Owners (including the Company) of Family Dwelling Units. An Owner of a Family Dwelling Unit shall be entitled to one vote for each Family Dwelling Unit which he owns.

TYPE C: Type C Members shall be all those Owners (including the Company) of unplatted lands for which the County of Currituck has granted preliminary plat approval to construct family dwelling units and on-site work has commenced. As of the date

of commencement of on-site work after the granting of preliminary plat approval, a Type C Member shall be entitled to one vote for each family dwelling unit for which preliminary plat approval has been received.

TYPE D: Type D Members shall be all those Owners (including the Company) of a hotel or other similar multi-unit structure of rental rooms or suites to the public. A Type D Member shall be entitled to one-fourth vote for each bedroom within the hotel or similar structure, it being deemed that for the purposes of voting, four bedrooms is equivalent to one family dwelling unit. Fractional votes may be cast.

TYPE E: Type E Members shall include all those Owners (including the Company) of unplatted lands or sites. a Type E Member shall be entitled one vote for each acre of unimproved lands. In computing the number of votes to which a Type E Member shall be entitled, the amount of the acreage shall be rounded to the nearest whole acre, with one-half and above being equivalent to a whole acre.

V.
DIRECTORS

A. The number of Directors and the method of election of the Directors shall be fixed by the By-Laws, however, the number of Directors shall not be less than three. Directors shall be elected at large from the membership.

B. The number of Directors constituting the initial Board of Directors shall be three and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

NAME	ADDRESS
Patricia S. Brindley	S.R. Box 328, Duck Kitty Hawk, North Carolina 27949
Richard C. Willis	S.R. Box 328, Duck Kitty Hawk, North Carolina 27949
Richard A. Brindley	S.R. Box 328, Duck Kitty Hawk, North Carolina 27949

C. The first election by the members of the Association for Directors shall not be held until after the Developer has relinquished control of the Association as set in the Subdivision Declaration of Covenants, Conditions and Restrictions. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the By-Laws. after the Declarant has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

VI.
REGISTERED OFFICE REGISTERED AGENT

The address of the Registered Office of the Corporation is P.O. Box 490, 1099 Ocean Trail/NC 12, Corolla, North Carolina, 27927 and the name of the registered agent at such address is Donald F. Cheek.

VII.
TAX STATUS

The corporation shall have all the powers granted nonprofit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, this corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under section 528 of the Internal Revenue Code. It is further provided that no distributions of income of the corporation are to made to members, directors or officers of the corporation provided, however, that members of the corporation may receive a rebate of any excess dues and assessments.

VIII.
INCORPORATOR

The name and address of the incorporator is: Thomas L. White, Jr., Kellogg Building, Ananias Dare Street, Manteo, North Carolina 27954.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal, this the _____.

Thomas L. White Jr.,

NORTH CAROLINA, DARE COUNTY

This is to certify that on the _____, before me, a Notary Public, personally came Thomas L. white, Jr., who, I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I, having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the _____.

MY COMMISSION EXPIRES:

Notary Public