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DONALD A. FRY
REGISTER OF DEEDS
DARE COUNTY, N.C.

Prepared by and Return to:

George S. Jackson, Attorney at Law
Elizabeth City, North CarolinaDECLARATION OF CONVENANTS, CONDITIONS
AND RESTRICTIONS
OF
BIAS SHORES, PHASE ONETABLE OF CONTENTS

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NORTH CAROLINA
DARE COUNTYThis the 16th day of September, 1988;

W I T N E S S E T H:

WHEREAS BIAS, INC., a North Carolina Corporation, John C. Bias and wife, Carolyn S. Bias; Bernice B. Brandon and husband, Donald G. Brandon; Elizabeth B. Cofield and husband, James E. Cofield; and Lillian B. Abron, widow, hereinafter jointly referred to as "Developer", are the owners of certain property known as Bias Shores Phase One, more completely described in Article One of this Declaration, and desire to create thereon a residential community (the "Development") with Common Areas for the benefit of the Community; and

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

WHEREAS Developer has deemed it desirable, for the efficient preservation of the values and amenities in the Development, to create an agency to which should be delegated and assigned the powers of maintaining and administering the Common Areas and Easements, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS Developer has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation, Bias Shores Homeowners Association, Inc., for the purpose of exercising the functions aforesaid;

NOW, THEREFORE, the Developer declares that the real property described in Article One, and such additions thereto as may hereafter be made pursuant to Article One hereof, is and shall be held, transferred, sold, conveyed and occupied subject

to the terms and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "This Declaration") hereinafter set forth.

ARTICLE ONE

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration (the "Existing Property") is located in Dare County, North Carolina, and is more particularly described as follows:

Lots 1-17, Bias Shores, Phase One, as shown on plat recorded at Map Book 66 C, ^{SLICE} Page 57 E & F, in the Office of the Register of Deeds in Dare County, North Carolina.

Section 2. PROPERTY CONTEMPLATED FOR FUTURE DEVELOPMENT

and SUBMISSION to the TERMS of this DECLARATION.

All those certain parcels of land situated on the west side of N. C. State Road 12 (Duck Road) which belongs to the Developer herein and to George H. Schroer, which lands are more particularly described in deeds recorded in the Public Registry of Dare County at Book 228, Page 738, Book 228, Page 742, Book 228, Page 750, Book 228, Page 754, and Book 555, Page 409 (Parcels 1 and 2)

NOTE: The property herein described (Section 2) may be submitted by Supplemental Declaration to the terms and conditions of this Declaration, in the discretion of the Developer, by recording a Supplemental Declaration in the office of the Register of Deeds, Dare County, North Carolina.

ARTICLE TWO

DEFINITIONS

Section 1. The following words when used in this Declaration or any supplemental Declaration (unless the context shall require otherwise, shall have the following meaning:

(a) "Association" shall mean and refer to the Bias Shores Homeowners Association, Inc.; and "By-Laws" shall mean and refer to the By-Laws of the Association.

(b) "Board" shall mean and refer to the Board of Directors of the Bias Shores Homeowners Association, Inc.

(c) "Common Areas" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties labeled as "RECREATION AREAS" or shown as streets or roads and as such intended to be devoted to the common use and enjoyment of the Owners of the Lots, subject to special rights, if any, granted Owners of particular Lots, which are a part of The Properties.

(d) "Easements" shall mean areas burdened by specified rights accruing to the Association.

(e) "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Living Unit which shall not include garages, carports, porches, patios, or storage areas.

(f) "Living Unit" shall mean and refer to any building or portion of a building, situated upon any Lot, which is a part of The Properties, designed and intended for use and occupancy as a residence by a single family.

(g) "Mobile Home" shall mean and refer to a modular unit, including double wide and triple wide units, built on a chassis, designed to be used as a dwelling, with or without a permanent foundation.

(h) "Lot" shall mean and refer to any plot of land within The Properties shown upon any recorded subdivision map of The Properties, or any portion thereof, with the exception of Common Properties as heretofore defined.

(i) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article Five, Section 1, hereof.

(j) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(k) "The Properties" shall mean and refer to all the Existing Property and any additional property of Developer as are subject to this Declaration or any Supplemental Declaration under the provisions of Article One hereof.

(l) The "Developer" shall mean and refer to Bias, Inc. and other names, and any person or entity who is specifically assigned the rights and interest of Bias, Inc. hereunder.

(m) "Common Expense" shall mean and refer to:

(i) Expense of administration, maintenance, repair or replacement of the Common Properties, or easement areas.

(ii) Expense declared Common Expense by the provisions of this Declaration or the By-Laws.

(iii) Expense agreed upon as Common Expense by the Association and lawfully assessed against Owners of Lots in accordance with the By-Laws.

(iv) Any valid charge against the Association or against the Common Properties as a whole.

ARTICLE THREE

GENERAL PROVISIONS

Section 1. Duration. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not limited to, the successors and assigns, if any, of the Developer for a period of twenty (20) years from the date of this Declaration, after which time, all said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a two-thirds majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part, provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, Certified Mail - Return Receipt Requested, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice

to any one of the Owners, if title to a Lot is held by more than one, shall constitute notice to all Owners of a Lot.

Section 3. Enforcement. In the event of any violation or breach of any of the restrictions contained herein by any property Owner or agent of such Owner, Bias, Inc., its successors or assigns, or the Owners of Lots within the development, or any of them, jointly or severally, shall have the right to proceed in law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach of any of the restrictions set out above, but before litigation may be instituted ten (10) days written notice, delivered as set forth in Section 2 above, of such violation shall be given to the Owner or his agent. The failure to enforce any right, reservation or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restriction contained in this Declaration shall in no way affect any of the other restrictions, but they and each of them shall remain in full force and effect.

ARTICLE FOUR

RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION AND OWNERS

(a) Permissible Uses. No Lot shall be used except for residential purposes, and no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family dwelling, garage, swimming pool, or tennis court, for the private use of the Owner or guests of said Owner, which shall comply with all applicable zoning regulations. The dwelling shall be constructed prior to or simultaneously with any garage, swimming pool or tennis court. Other than the ocean access easement located on Lots 6 & 7, no Lot shall be used for access to any adjoining lot or other property. When an owner acquires two or more adjoining lots then, and in that event, the adjoining one or more lots may be used as one building site and the side lot lines and easements referred to herein shall apply to the outside perimeter line of the combined lots. Each building erected upon said lot shall have the exterior completed within six months after construction shall have commenced and failure to complete the exterior of such building within the six months period shall operate as a forfeiture of architectural approval granted, at the option of the Developer or its successors and thereon said corporation or its agents shall have the right and privilege to go upon the premises with such labor and materials as are necessary and complete the same and shall operate as a primary lien against the structure and lot upon which it is located. No business or business activity may be carried on upon the property at any time provided, however, that nothing shall preclude the Developer, its subsidiaries, affiliates, agents and employees from using all or part of the dwellings owned by or rented by them for the purpose of carrying on business directly related to the development, management and/or sale of lots and homes in Bias Shores.

(b) Utilities and Easements. All utility lines of every type, including but not limited to water, electricity, telephone, sewage and televisions cables, must be underground. The Developer reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric and telephone systems, cable television service, and conduits for the purpose of bringing public services to The Properties, on, in or over an area within 10 feet of each Lot line fronting on a street or where a Lot Line abuts a right of way of boundary line, five feet along the side lines of each Lot, and 10 feet along the rear line of Lot, and such other areas as are shown on any recorded plats of the Properties. In addition, the Developer reserves for

the benefit of the Homeowners Association, an easement of five feet along the lines of any lots that abut the perimeter of this subdivision, for the purpose of installing a fence, wall or other security device. The Developer reserves unto itself, its successors and assigns, perpetual, alienable and releasable easements within the development and the right on, over and under the ground to cut drainways for surface water and make any grading of the soil whenever and wherever such action may appear to the developing corporation to be necessary to maintain reasonable standards of health, safety, and appearance. In addition, the Developer reserves for the benefit of the Association, an easement over and under the following portions of certain lots:

Lots No. 1 and No. 17 - the areas situated between the boundaries of said lots which abut N.C. State Road 12 (Duck Road) and the 25' Minimum Building Line as shown on the plat of Phase One.

Lot No. 4 - all areas east of a line running north to south, which line intersects the point where the Minimum Building Line, as shown on plat of Phase One, abuts the northern of the subdivision.

Lot No. 5 - all areas west of a line running north to south, which line intersects the point where the Minimum Building Line, as shown on plat of Parcel One, abuts the northern boundary of the subdivision.

Lot No. 8 - all areas to the west of a line running north to south, which line intersects the point where the Minimum Building Line, as shown on plat of Parcel One, abuts the southern boundary of the subdivision.

Lot No. 9 - all areas to the east of a line running north to south, which line intersects the point where the Minimum Building Line, as shown on plat of Parcel One, abuts the southern boundary of the subdivision.

The purpose of the easement on Lots No. 4, 5, 8, and 9 is to allow the Developer or the Association to construct and maintain buffer devices; including but not limited to, fences, berms, and landscaping. The purpose of the easements on Lots No. 1 and No. 17 is to allow the Developer or the Homeowners Association to construct and maintain an entrance sign and accompanying vegetation, landscaping, and lighting. These easements and rights expressly include the right to cut or plant any trees, bushes, or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety, and appearance.

There is reserved unto the Developer and the Association along the entire northern line of Lot No. 7 and along the entire southern line of Lot No. 6 abutting easements of feet width each, the purpose of which is to allow members of the Homeowners Association and their invited overnight guests access to the beaches and ocean, and to allow the Association to construct and maintain thereon a gazebo or similar beach house, not exceeding 8' in width at the ground level with an additional roof overhang easement onto Lots No. 6 and 7 not to exceed two feet more than the access easement herein described. It is anticipated Bias Shores Phase Two will be constructed on the western side of N. C. State Road 12 (Duck Road), and upon dedication of an easement allowing Phase One property owners to use the tennis court/pool recreation area, said Phase Two property owners will be entitled to use the herein described access easement.

(c) Minimum Square Footage and Setback Requirements. In no event shall any residential building in Phase One contain less

than 1,700 square feet of "Living Area" for any two story dwelling. No building, including porches, eaves, steps and similar fixtures shall be located on any lot within 25 feet of the front line or closer than 10 feet from the sidelines thereof, nor closer than 25 feet from the rear property line or 20% of the lot depth. In the case of a side property line which abuts a street, the minimum setback shall be 20 feet.

(d) Temporary Structures and Limitations on Use. No structure of a temporary nature may be placed upon any portion of The Properties at any time. Temporary shelters, tents, travel trailers, campers or self-propelled mobile homes may not at any time be used as temporary or permanent residence. Campers, travel trailers, boat trailers, self-propelled mobile homes and other vehicles of that nature may be stored on a lot, provided that they do not constitute a visual nuisance and are stored in compliance with the setback requirements of sub-paragraph (c) above. No mobile homes shall be permitted to remain on any portion of The Properties, either temporarily or permanently.

(e) Driveways. Prior to the commencement of construction of improvements or clearing of any lot, other than by hand, the Owner shall place a temporary clay or permanent clay and gravel or concrete driveway to provide entry to the lot from the road.

(f) Parking. With the exception of Association maintained parking along the right-of-way abutting perimeter of Lots No. 7, 8, 9, and 10, which parking shall be designed so as to allow the owners of said lots reasonable access to their property, parking on the traveled street within the development shall be prohibited at all times. Each lot owner shall provide off-street parking space for his family's use and the use of their guests. This would constitute a turnabout large enough to park two cars, in addition to the driveway. All construction vehicles are to be parked off of the traveled streets and on the shoulder of the road or in the driveway of the lot at all times during construction.

(g) Debris. No leaves, trash, garbage or other similar debris shall be burned, except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive material shall be placed upon any portion of the properties, except as is temporarily and incidental to the bona fide improvement of any of the properties.

(h) Garbage, Mail and Delivery Boxes. The Architectural Control Committee, described in Article Eight, shall determine the standards and issue guidelines for the implementation thereof for the location, material, color and design of all mail and newspaper boxes and the manner in which they shall be identified.

Each owner shall provide receptacles for garbage in accordance with the standards established by the Developer and the Architectural Control Committee.

(i) Screening. Each lot owner shall provide screening from public view, approved in writing by the Architectural Control Committee, for fuel tanks, air-conditioning units, water tanks, or for any other permanent facility which the Architectural Control Committee, in its sole opinion, shall require to preserve the beauty and harmony of the development.

(j) Antennas. In the event a master antenna system is installed at The Properties, no television antenna, radio receiver or sender or similar device shall be attached to or installed on the exterior portion of any structure or any lot or Common Properties within The Properties, provided, however, that the provision of this paragraph shall not apply to the installation by the association of equipment necessary for a CATV and mobile radio systems within The Properties.

(k) Unsightly Conditions. Each lot owner within the development shall maintain and preserve his lot or lots in a clean, orderly and attractive appearance within the spirit of this development. Failure on the part of a lot owner to adhere to such proper, clean, orderly and attractive maintenance to his property, upon ten days written notice given him by the Developer, Bias, Inc., or its successors or assigns, shall subject the lot owner to a suit for specific performance.

(l) Nuisances. It shall be the responsibility of each lot owner to maintain the exterior of his residence and the surrounding grounds of his lot in a clean, tidy safe manner. No lot shall be used in whole or in part for the storage of anything which might cause such lot to appear cluttered, unclean or obnoxious to the eye, not shall any substance, thing or material be kept on any lot which might omit foul or obnoxious odors, noises or other conditions that will or may disturb the serenity, safety or comfort of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any lot or shall anything be done thereon tending to create a nuisance to the neighborhood.

(m) Entry. Each lot owner shall keep his lot cleared of unsightly underbrush, weeds or debris and if said lot owner shall permit same to exist on his property and fail to remove the same within thirty days after being requested to do so by the Developer, its successors or assigns, it reserves for itself and its agents the right to enter upon the lot for the purpose of cleaning, clearing or cutting the grass, underbrush or debris, which, in the Developer's opinion, distracts from the overall beauty and natural character of the neighborhood or adversely affects the safety or health of the residents and such entrance shall not be deemed a trespass. The expenses of entry and removal shall be the personal debt of the lot owner(s) and shall also constitute a lien upon the land until paid. The provisions of this section shall not be construed as an obligation of the Developer, its successors or assigns, to provide such services.

(n) Trees, Vegetation and Dunes. Any lot owner shall not remove, reduce, cut down or otherwise change or cause to be removed, reduced, cut down or changed, the elevation of any sand dunes or ridges or both in the development, or trees more than three inches in diameter at a point two feet above the ground, or any flowering trees or shrubs above five feet in height, without the express written consent of the Architectural Control Committee, which shall require proposals for the restabilization of any such disturbed areas.

(o) Animals and Pets. Animals, livestock or poultry of any kind shall not be raised, bred or kept on any lot except dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that they are under the control of their owner at all times.

(p) Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within the properties is prohibited, unless required for public safety.

(q) Vehicles. All motorized vehicles operating within the properties must be properly mufflered so as to eliminate noise which might be offensive to others. Two and three wheel motorized vehicles, as well as four wheeled go-cart or beach buggy type vehicles are prohibited from being used or operated on or within the Common Properties or frontal dune system or sand dunes.

(r) Wells. The drilling of private wells for irrigation purposes is expressly prohibited unless the plans and specifications are approved in advance, in writing, by the Homeowners Association through its duly authorized representative.

(s) Signs. No sign of any kind or advertising device shall be displayed to the public view on a lot except one sign of not more than six square feet advertising the property for sale on improved lots, said sign shall be affixed to the house situated thereon. On unimproved properties, one "for sale" sign not more than six square feet shall be allowed if located no less than ten feet from the front lot line. During construction, a builder's sign may be displayed as set forth above but it may not be more than six square feet and must be removed upon granting an occupancy permit by the applicable governing body. All for rent signs shall be subject to a maximum size of 432 square inches, and said signs must be attached to the dwelling unit. The developer shall not be prevented from erecting such signs as may be deemed necessary to the operation of the subdivision or the normal conduct of its business, provided that any sign so erected shall be within the acceptable limits as defined by the guidelines applicable to all other lot owners in the subdivision.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION AND BOARD OF DIRECTORS

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot covered by these restrictive covenants is subject by this Declaration to assessment by the Association and shall be a Member of the Association; provided, however, that any such person or entity to hold such interest merely as a security for the performance of an obligation shall not be Member. The requirement of membership shall not apply to any mortgagee or trust beneficiary acquiring title by foreclosure or otherwise, pursuant to the mortgage or deed of trust instrument.

Section 2. Voting Rights. The Association shall have one class of voting membership, and Members shall be entitled to one vote for each Lot in which they hold an interest required for membership by Section 1 of this Article. When more than one person or entity holds such an interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote for their Lot, but in no event shall more than one vote be cast with respect to any such Lot.

ARTICLE SIX

PROPERTY RIGHTS IN THE COMMON AREAS

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Areas. The Developer may retain the legal title to the Common Areas until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Developer, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Developer hereby covenants, for itself, its successors and assigns, that it shall convey the Common Area to the Association not later than three (3) years from the date of the first sale of a Lot by the Developer or when fifty percent (50%) of the Lots, as defined in Section 3 of Article 5, are sold by the Developer, whichever occurs first. The Association shall be obligated to accept conveyance in accordance with this paragraph.

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

(a) The right of the Association as provided in its Articles and By-Laws to suspend the enjoyment rights of any owner for any period during which an assessment remains unpaid and for any period not to exceed thirty (30) days, for an infraction of any published rules and regulations, and

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the members, provided that no such dedication or transfer, determination as to the purpose or as to the conditions thereof, shall be effective unless an instrument signed by the members entitled to cast fifty-one percent (51%) of the total number of votes of all members has been recorded agreeing to such dedication, transfer, purpose of condition and unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken, and

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation for Assessments. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special 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 thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made.

Upon filing with the Dare County Register of Deeds, each such lien shall be prior to all other liens except the following: (1) Assessments, liens and charges for real estate taxes due and unpaid on the Lot; and (2) All sums unpaid on Deeds of Trust, Mortgages and other encumbrances duly of record against the Lot prior to the docketing of the aforesaid lien. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due. Prior to the conveyance of Common Areas to the Association, the Developer shall pay each year to the Association ten percent (10%) of the established assessment per Lot for each recorded Lot owned by the Developer. Upon conveyance of Lot(s) to subsequent Owner by Developer, such Owner shall immediately be charged the full assessment for each Lot acquired, and shall pay same in accordance with Section 3 of this Article. The Developer covenants that upon conveyance of the Common Areas to the Association, it shall pay assessments on all lots owned or thereafter acquired by it in the same amount as any other Owner.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be exclusively for the purpose of promoting the health, enjoyment, safety or welfare of the residents in The Properties and in particular for the improvement and maintenance of properties and facilities devoted to the purpose and related to the use and enjoyment of the Common Areas, reserved easements, recreation areas, and of the homes situated upon The Properties, including maintenance of subdivision roads, signs, fences, and vegetation, all which shall be Common Expenses.

Section 3. Annual Assessments. The annual assessment for the year 1988 shall be \$200.00 (or a pro rata amount for any Owner who owns any lot for less than the full year), for each Lot. Thereafter, the annual assessment shall be established by the Board of Directors in accordance with the provisions of the By-Laws. The total assessment payable by any Owner may be divided into such installments as the Board shall deem appropriate, but until notice from the Board to the contrary is received, the Owner of each Lot shall pay his or its appropriate share as herein determined on an annual basis, in advance.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repairs or replacement of any roadways or other capital improvement located upon the Common Areas, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of all the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum Amount of Annual Assessments. Subject to the limitations of Section 3 hereof and for the period therein specified, the Association may change the maximum amount of, but not the and basis of the assessments fixed by Section 3 hereof prospectively for any such period provided that any such change shall have the consent of two-thirds (2/3) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting; provided further, that the limitations of Section 3 hereof shall not apply to any change in the maximum amount of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate.

Section 6. Quorum for any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 of this Article shall be as follows:

At the first meeting called, as provided in Section 4 and 5 of this Article, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4 and 5 of this Article, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for in Section 3 of this Article shall commence on the first day of the month next succeeding the month any Owner, other than the Developer, acquires title to a Lot, and shall be levied for the balance remaining in the calendar year in an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that calendar year bear to twelve, and such assessments shall constitute the first annual assessments which shall be for the balance of the calendar year and shall become due and payable to the Association, in advance, on the day the title to the property is acquired. In the event of resales of lots, the new owner will be entitled to credit for the old owner's payment, with any pro-rations between the new and old owner being outside this declaration.

The assessments for any year after the first year shall become due and payable, upon fifteen (15) days notice from the Board, as to the amount of such annual assessment, on the first day of January of each year.

The due date of any special assessment under Section 4 hereof or any assessment against any particular Lot, or Lots, permitted by this Declaration shall be fixed in the resolution authorizing such assessment.

Section 8. Certification of Assessments. The Association shall, upon demand, furnish at any time to any Owner liable for said assessment, prospective purchaser, or lending institution, 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 of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner: The Lien. Remedies of the Association.. If the assessments are not paid on the date due then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot, or Lots, which shall bind such Lot, or Lots, in the hands of the then-Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then-Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law and the Association may bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot, or Lots, and there shall be added to the amount of such assessment to be collected upon foreclosure, the costs of such action and reasonable attorney's fee or other cost incurred by the Association. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of this action.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all Common Areas as defined in Article Two hereof: and (b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption.

Notwithstanding any provisions of this Section 10, no Lot or any Living Unit located thereon shall be exempt from said assessments, charges or liens.

ARTICLE EIGHT

ARCHITECTURAL CONTROL

Section 1. Purposes. Developer desires (1) to insure the best use of and the most appropriate development improvement of each building site thereof to protect the owners of building sites against such improper use of surrounding building sites as will depreciate the value of their property, (2) to preserve, so far as practicable, the natural beauty of said property, (3) to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials, (4) to insure the highest and best

development of said property, (5) to encourage and secure the erection of attractive homes thereon with appropriate locations thereof on building sites, (6) to prevent haphazard and inharmonious improvement of building sites, (7) to secure and maintain proper setbacks from property lines and adequate free spaces between structures, and (8) in general, to provide adequately for a high type and quality of improvement of said property, both enhancing the values of investments made by purchasers of building sites therein, and preserving as fully as possible the natural beauty of both the Common Areas and individual building sites. To that end the Developer desires to establish an Architectural Control Committee in order to provide and maintain standards which will insure this harmony of exterior design and location in relating to surrounding structures and/or topography.

Section 2. Approval of Plans. No building, wall, driveway, swimming pool, tennis court, or other structure, site work or clearing preparatory to construction shall be begun, altered, added to, maintained or reconstructed on any Lot until the plans and specifications for such work have been reviewed and approved by the Architectural Control Committee (The Committee). Before commencing such review, a Lot Owner shall submit to the Committee three (3) completed sets of plans and specifications, including, but not limited to, foundation plan, floor plan or plans, the four directional elevations, a schedule of proposed exterior colors and materials, shingle colors, grade and weight, plan showing driveway, parking, septic tank and drainfield, and expected completion of improvement. The Committee shall have the absolute and exclusive right to refuse to approve any such plans and specifications which are not suitable or desirable in the opinion of The Committee for any reason, including purely aesthetic reasons which, in the sole and uncontrolled discretion of The Committee, shall be deemed sufficient, provided The Committee shall not refuse to approve any plans and specifications which are substantially similar to any other plans and specifications which previously have been approved for or constructed on any lot. If construction of any improvement required to be approved shall not have been begun before the expiration of six months following approval, said approval shall be void and of no effect. The plans of such improvement shall be resubmitted to The Committee for reconsideration and The Committee may, in its discretion either confirm its earlier approval of plans or disapprove. The Association shall have the power to change a reasonable fee for this review.

Section 3. Architectural Control Committee. (a) Membership: The Committee shall be composed of five (5) people who need not be members of the Association, appointed by the Board. A majority of The Committee may designate a representative to act for it. In the event of death, resignation or removal by the Board of any member of The Committee, the Board shall have fully authority to designate the successor otherwise approved by the Association. The Association shall keep or cause to be kept a list of the names of the persons who form The Committee and a list of the names of any designated representatives of The Committee and such list shall be available to any Owner. (b) Procedure: At least thirty (30) days prior to the commencement of any construction the plans shall be submitted to the Committee. The Committee's approval, disapproval, or waiver as required in these covenants shall be in writing and the decision of a majority of the Committee in case of any disagreement among Committee members as to the approval, disapproval, or waiver by The Committee shall be controlling. In the event The Committee or its designated representatives fail to approve or disapprove within thirty (30) days after plans have been received by it, approval of The Committee will not be required, and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with. Further, in the event any construction is commenced on any Lot without submission to The Committee of the plans with respect thereto, and no action or suit is instituted against the Owner of such Lot by the Association or any Owner of any other Lot

such Lot by the Association or any Owner of any other Lot constituting a portion of the Properties within ninety (90) days after the foundation of any building being constructed on any such Lot is completed, then, and in any such event, approval by the Committee will not be required and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with. (c) Committee: Within three (3) years from the date of the first sale of the Lot by the Developer or when fifty percent (50%) of the Lots have been sold by the Developer, whichever occurs first, at least a majority of the members of The Committee shall be composed of Owners other than the Developer or a representative of the Developer. Prior to such time the Developer shall appoint Committee members.

ARTICLE NINE

AMENDMENT OF DECLARATION

This Declaration may be amended by a two-thirds vote of the then current Association Members, including the Developer. If any developer to the Declaration creates an inconsistency in the By-Laws to the extent such inconsistency exists, the Declaration shall control. No amendment to this Declaration shall be effective until recorded in the Office of the Register of Deeds of Dare County, North Carolina.

ARTICLE TEN

CAPTIONS, INTRODUCTIONS AND GENDER

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

ARTICLE ELEVEN

The Board of Directors of the Association may from time to time grant to the owner or owners of lots within the subdivision a waiver or variance from the provisions of the declaration. The conditions under which such a waiver or variance may be granted shall be in the total discretion of the Board of Directors of the Association. It is understood that the existence of this power does not create a right in any homeowner or lot owner to such action by the Board and the decision of the Board on request for waiver or variance shall be final. The expressed purpose of the power as described in this paragraph is to enable the Board of Directors to alleviate hardships created by the terms of this declaration under circumstances which are beyond control or fault of the parties, would create irreparable harm or unnecessary hardship within such action; or under conditions where title to the property in question is clouded, encumbered or detrimentally effected by the existence of conditions which cannot otherwise be corrected. Even when conditions as described herein exist so that waiver or variance appears appropriate, granting such waiver or variance shall remain completely within the discretion of the Board of Directors.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed in its corporate name the day and year first above written.

BIAS, INC.

Corporate Seal

By:

John C. Bias
PRESIDENT

ATTEST:

William B. Almon
SECRETARY

John C. Bias (SEAL)
JOHN C. BIAS

Carolyn S. Bias (SEAL)
CAROLYN S. BIAS

Elizabeth B. Cofield (SEAL)
ELIZABETH B. COFIELD

James E. Cofield (SEAL)
JAMES E. COFIELD

Lillian B. Abron (SEAL)
LILLIAN B. ABRON

Bernice B. Brandon (SEAL)
BERNICE B. BRANDON

by Lillian B. Abron (SEAL)
LILLIAN B. ABRON,
Attorney-in-fact for
BERNICE B. BRANDON

Donald G. Brandon (SEAL)
DONALD G. BRANDON

by Lillian B. Abron (SEAL)
LILLIAN B. ABRON,
Attorney-in-fact for
DONALD G. BRANDON

STATE OF NORTH CAROLINA COUNTY OF PASQUOTANK

I, GEORGE S. JACKSON, a Notary Public for the County and State aforesaid certify that Lillian B. Abron personally appeared before me and acknowledged that she is Secretary of Bias, Inc., a North Carolina Corporation, and that by authority duly given and as the act and deed of the corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by her as its Secretary.

WITNESS my hand and official seal, this 16th day of September, 1988.

George S. Jackson
Notary Public

(Official Seal)

Commission Expires: 5-5-90

NORTH CAROLINA
PASQUOTANK COUNTY

I, GEORGE S. JACKSON, a Notary Public for said County and State do hereby certify that John C. Bias, Carolyn S. Bias, Lillian B. Abron, Elizabeth B. Cofield, and James E. Cofield personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the 16th day of September, 1988.

(Official Seal)

My Commission Expires: 5-5-90

George S. Jackson
Notary Public

NORTH CAROLINA
PASQUOTANK COUNTY

I, GEORGE S. JACKSON, a Notary Public for said County and State, do hereby certify that Lillian B. Abron, attorney in fact for Bernice B. Brandon and Donald G. Brandon, personally appeared before me this day, and being by me duly sworn, says that they executed the foregoing and annexed instrument for and in behalf of the said Bernice B. Brandon and Donald G. Brandon and that their authority to execute and acknowledge said instrument is contained in instruments duly executed, acknowledged, and recorded in the office of the Register of Deeds in the County of Dare, State of North Carolina, on the 11th day of July, 1988, and that this instrument was executed under and by virtue of the authority given by said instruments granting her power of attorney.

I do further certify that the said Lillian B. Abron acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and in behalf of the said Bernice B. Brandon and Donald G. Brandon.

Witness my hand and official seal, this 16th day of September, 1988.

(Official Seal)

My Commission Expires: 5-5-90

George S. Jackson
Notary Public

STATE OF NORTH CAROLINA
COUNTY OF Dare

The foregoing certificate of George S. Jackson, a Notary Public of Pasquotank County, North Carolina is certified to be correct.

Dennis A. Gray
Register of Deeds

By: Norma Jean Ward
Asst. Register of Deeds