

455 PAGE 560

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NORTH CAROLINA  
DARE COUNTY

RESTATED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS

THIS RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 29th day of March, 1986, by GEORGETOWN SANDS CORP., a North Carolina Corporation, hereafter "Developer" or "Declarant Georgetown Sands Corp.", and other Owners (as defined below), all the foregoing being hereafter referred to collectively as the "Declarants";

WHEREAS, Developer (owner of the real property set forth and described on a plat recorded in Plat Cabinet B at Slides 346 and 347, Dare County Registry, in the vicinity of the Village of Duck, Atlantic Township, Dare County, N.C. and known generally as "Georgetown Sands") heretofore prepared and caused to be recorded in Book 374, Page 100 of the Dare County Registry, a Declaration of Covenants, Conditions and Restrictions dated May 15, 1984 applicable to said real property and the proposed residential community of single family attached townhouses to be located thereon; and

WHEREAS, Developer thereafter prepared and caused to be recorded in Book 408, Page 785, Dare County Registry, Supplemental Declaration of Covenants, Conditions and Restrictions dated June 3, 1985 for the purpose of subjecting the entirety of the real property (known as "Georgetown Sands" and described on said plat referred to

above) to the covenants, conditions and restrictions recorded in Book 374, Page 100 of the Dare County Registry with other enumerated items stated therein; and

WHEREAS, Developer has as of this date sold several of the said townhouse lots identified on the plat of record in Plat Cabinet B, Slides 346 and 347 to those persons, firms and corporations herein identified as Owners subject to the original Declaration of record in Book 374, page 100 and the Supplemental Declaration in Book 408, Page 785; and

WHEREAS, Developer and Owners desire to restate and clarify said Declaration and Supplemental Declaration prior to the transfer of the powers of owning, maintaining and administering the Townhouse Common Area and the exterior of the townhouse units and of administering, and enforcing the covenants and restrictions and of collecting and disbursing the assessments and charges from Developer to the non-profit property owners corporation or Townhouse Association as referred to in the Declaration; and

WHEREAS, the Declarants desire to insure the attractiveness of the development and to prevent any future impairment thereof, to prevent nuisances, to preserve, to protect and enhance the values and amenities of all the properties within the development and to provide for the maintenance and upkeep of the exterior of all townhouse units and the Townhouse Common Area, as hereafter defined; and to this end, desire to subject the real property shown

on the plat referenced in the attached description shown in Exhibit A to this Amended Declaration, together with such additions that may hereafter be made thereto to the covenants, conditions, restrictions, easements, charges and liens hereafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, the Declarants have deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the said development, and to insure the residents enjoyment of the specific rights, privileges and easements in the Townhouse Common Area, as hereafter defined, and to provide for the maintenance and upkeep of the exterior of all townhouse units and the Townhouse Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Townhouse Common Area and the exterior of the townhouse units and administering, enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereafter created; and

WHEREAS, Declarant Georgetown Sands Corp. has caused to be incorporated under North Carolina law, GEORGETOWN SANDS PROPERTY OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW THEREFORE, Declarants do hereby join in this Restated Declaration of Covenants, Conditions and

Restrictions for the express purpose of declaring that (1) all of the property described on plat of record in Plat Cabinet B, Slides 346 and 347 known as the Georgetown Sands Townhouse Development is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Restated Declaration of Covenants, Conditions and Restrictions, which covenants, conditions and restrictions shall run with the real property and be binding upon all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof; (2) the "Georgetown Sands Townhouse Development" described and shown on plat of record in Slide Cabinet B, Slides 346 and 347 is in fact a townhouse development and subdivision, is not a condominium development or other development subject to Chapter 47A of the North Carolina General Statutes ("Unit Ownership Act"), the references in certain lot deeds to Unit Ownership Book 2, pages 221-222 being expressly not intended to subject any portion of the property to Chapter 47A of the North Carolina General Statutes, but being solely intended to refer to the townhouse development plat for descriptive purposes prior to recordation of the very same plat in Plat Cabinet B, Slides 346 and 347; and (3) this Restated Declaration replaces and supersedes the Declaration of Covenants, Conditions, and

Restrictions recorded in Book 374, Page 100, Dare County Registry, and the Supplemental Declaration of Covenants, Conditions and Restrictions recorded in Book 408, Page 785, Dare County Registry.

ARTICLE I  
DEFINITIONS

Section 1. "Townhouse Association" shall mean and refer to GEORGETOWN SANDS PROPERTY OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof, and any additions thereto as are or shall become subject to this Amended Declaration and brought within the jurisdiction of the Townhouse Association.

Section 4. "Townhouse Common Area" shall mean all the real property owned by the Townhouse Association for the common use and enjoyment of the Owners. The Townhouse Common Area to be owned by the Townhouse Association at the

time of the conveyance of the first Lot is described as follows:

All of that land designated "Proposed Recreation Common Area" on the plat entitled "GEORGETOWN SANDS" which appears of record in a map recorded in Plat Cabinet B at Slides 346 and 347 in the Dare County Public Registry and specifically excluding all Lots as hereafter described and defined, but including all streets shown on the said plat and all common access easements.

It is specifically understood that certain of the Townhouse Common Areas are subject to easements in common with other parties as defined in this Amended Declaration and the rights of other parties set forth and described in this Amended Declaration to the joint and mutual use of such properties.

Section 5. "Lot" shall mean any of those lots numbered 1 through 50 appearing on the map recorded in Plat Cabinet B at Slides 346 and 347 in the Dare County Public Registry.

Section 6. "Declarants" shall mean and refer to GEORGETOWN SANDS CORP. and shall also mean and refer to any person, firm or corporation which now is an Owner or which shall hereafter become vested, at any given time, with title to two or more undeveloped Lots for the purpose of causing residence building(s) to be constructed thereon, and any such successor in title to GEORGETOWN SANDS CORP. shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and not rented and unconveyed), but no longer.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Townhouse Association.

ARTICLE II  
PROPERTY SUBJECT TO AMENDED DECLARATION  
AND WITHIN THE JURISDICTION OF THE  
GEORGETOWN SANDS PROPERTY OWNERS  
ASSOCIATION, Inc.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Amended Declaration, and within the jurisdiction of the Townhouse Association is located in Atlantic Township, Dare County, North Carolina, and described fully in the attachment to this Amended Declaration labeled Exhibit A.

ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Townhouse Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The total number of lots used for computations and votes as discussed herein is fifty and all lots shall be used for computations and votes.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot one vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any one Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant Georgetown Sands Corp. which have not been converted to Class A lots as provided in (1) and (2) below. Declarant Georgetown Sands Corp. shall be entitled to three(3) votes for each Class B Lot owned by it. The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots exceed the total number of votes appurtenant to the Class B Lots, or

(2) On May 1, 1989, whichever is later.

ARTICLE IV  
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to

the Townhouse Common Area which shall be appurtenant to and pass with the title to every Lot, subject to the following provisions:

(a) The right of the Townhouse Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Townhouse Common Area and to limit the use of said facilities to Owners and to their families, tenants, contract purchasers and guests as provided in Section 2 of this Article IV;

(b) The right of the Townhouse Association to suspend the voting rights and right to use of the recreational facilities of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations;

(c) The right of the Townhouse Association to dedicate or transfer all or any part of the Townhouse Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least two-thirds of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written instrument, provided that this subsection shall not preclude the Board of Directors of the Townhouse Association from granting

easements to public authorities or others for the installation and maintenance of sewerage, utilities and drainage facilities upon, over, under and across the Townhouse Common Area without the assent of the membership when, in the sole opinion of such Board, such easements do not interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties;

(d) The rights of Owners to the exclusive use of parking spaces as provided in Section 3 of this Article IV;

(e) The right of the Townhouse Association, with the written assent of Members entitled to at least two-thirds of the votes appurtenant to each Class of Lots (Class A and Class B), to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owner's family, provided, and so long as, the Owner permits such exercise.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy the property during the term of their lease or contract.

(c) Guests. Recreational facilities situated upon the Properties may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Townhouse Association, as may be established by its Board of Directors, governing said use.

Section 3. Parking Rights.

(a) Assigned Parking Spaces. Ownership of each Lot shall entitle the Owner(s) thereof to the use of one automobile parking spaces in the Townhouse Common Area, which shall be assigned initially to said Owner by Declarant GEORGETOWN SANDS CORP., together with the right of ingress and egress in and upon said parking spaces. The Board of Directors of Townhouse Association shall have the authority acting in its sole discretion to reassign said parking spaces from time to time as it may determine are in the best interest of the Members, including the right to terminate use of such parking spaces. No such parking space or spaces are vested in any Owner by this paragraph.

(b) Visitor Parking. Parking spaces designated for the exclusive use of visitors to the Properties shall not be used by any Owner for the parking of his vehicles, but may be used by persons visiting Owners for a period not to exceed one week in time.

(c) Recreational Vehicles. No campers, trucks, vans, or recreational vehicles may be parked or kept within the Properties, except at locations specifically designated for

such parking by the Townhouse Association. The Townhouse Association may make reasonable charges for parking of such vehicles in designated areas and may in its sole discretion refuse to allow any such parking within the confines of the Properties. No trailers, boats or tractors may be parked or kept within the Properties, except for maintenance equipment owned by the Townhouse Association, or except with written permission of the Board of Directors.

(d) Rules and Regulations Regarding Parking. The Board of Directors of the Townhouse Association may make such reasonable rules and regulations as it may elect with respect to the parking of vehicles as aforesaid and may amend and vary the requirements of (b) and (c) above without the consent of the Members of the Townhouse Association.

#### ARTICLE V COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Declarants, for each Lot owned within the Properties, hereby covenant and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Townhouse Association: (1) annual assessments or charges and (2) special assessments for capital improvements and other purposes permitted herein, such assessments to be established and collected as herein-after provided. Any such assessment or charge, together

with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to his successors in title whether or not it is expressly assumed by them.

Section 2. Purposes of Assessments. The assessments levied by the Townhouse Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners of the Properties and in particular for the maintenance, repair and reconstruction of the exterior of townhouse units and for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Townhouse Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Townhouse Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Townhouse Association and/or its directors, officers and agents, and such other needs as may arise including indemnification of directors, officers and agents

of the Townhouse Association, in accordance with this Restated Declaration, law or the Bylaws.

In addition, expenditures by the Townhouse Association for the landscaping, planting and maintenance of areas within Lots, but lying outside of Townhouse Units and enclosed patio areas shall be deemed expenditures for the recreation, health, safety and welfare of the Owners of the Properties and are hereby authorized.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$900.00 per Class A Lot and \$225.00 per Class B Lot, except that those Class B Lots which are or have been occupied shall be assessed at the same rate as Class A Lots beginning at the time of initial occupancy and continuing thereafter. Assessment period may be monthly in the discretion of the Board of Directors.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments above established may be increased, effective January 1 of each year, without a vote of the membership, but subject to the limitation that any such increase shall not exceed 5% of the maximum assessment for the previous year without a vote of the membership. If the annual assessment is not increased by the maximum amount permitted under terms of this provision the difference

between any actual increase which is made and the maximum increase permitted for that year shall be computed and the assessment may be increased by that amount in a future year at the election of the Board of Directors without a vote of the membership in addition to the maximum increase permitted under the terms of the preceding sentence. Such maximum limitations shall not apply to costs and expenses related to any indemnification required or permitted under the By-Laws of Georgetown Sands Property Owners Association, Inc. or applicable law.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds of the votes (appurtenant to each Class of Lots) represented in person or by proxy at a meeting duly called for this purpose or without approval where permitted in excess of such maximum. Such maximum limitations shall not apply to costs and expenses related to any indemnification required or permitted under the By-Laws of Georgetown Sands Property Owners Association, Inc. or applicable law.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum or, where permitted, in excess of such maximum, but the ratio of the assessment established for each Class A Lot to the

assessment established for each Class B Lot shall always be four to one.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Townhouse Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of (1) indemnification as provided herein, and/or (2) defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Townhouse Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the same assent of the Members as provided in Section 3 (b) of this Article (except for indemnification) and shall be in the ratio of four to one as provided in Section 3 (c) of this Article.

Section 5. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots within each class and may be collected on a monthly basis.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent of the votes appurtenant to each Class of Lots (Class A and Class B) shall

constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance to the Townhouse Association of the Townhouse Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot for the next year and at least fifteen (15) days before January 1 shall send written notice of such fixed assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Townhouse Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Townhouse Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Townhouse Association. Any assessment not

paid within thirty days after the due date shall bear interest from the due date at the rate of six percent per annum or, if greater, the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, provided, however, that the interest charged hereunder shall not exceed ten percent per annum. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Townhouse Association to defray the costs of late payment. The Townhouse 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, late payment fee, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment and may be collected without regard to any maximum limitation on amount or uniformity of assessment rate requirement. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Townhouse Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages.

The liens provided for herein shall be subordinate to the lien of any first mortgage, first mortgages, first deed of trust or first deeds of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien. The sale or transfer of any Lot which is subject to any proceeding in

lieu of foreclosure thereof, shall not extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment whether then due or thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage, first mortgages, first deed of trust or first deeds of trust.

ARTICLE VI  
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including the erection of antennas, aerials, awnings, the placement of reflective or other material in the windows of a Townhouse Unit or other exterior attachments, and including the enclosure of areas at grade, until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Townhouse Association, or by an architectural control committee composed of three or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove

such design and location within sixty days after said plans and specifications have been submitted in writing to the President of the Townhouse Association, approval will not be required, and this Article will be deemed to have been fully complied with. The Townhouse Association shall have the right to charge a reasonable fee for receiving each application in an amount not to exceed \$25.00. Neither the Board of Directors nor the architectural control committee shall approve any alterations, decorations or modifications which would jeopardize or impair the soundness or safety or adversely affect the appearance of any Lot or the Townhouse Common Area. Nothing herein contained shall be construed to permit interference with the development of the Properties by Declarant Georgetown Sands Corp. in accordance with its general plan of development.

#### ARTICLE VII EXTERIOR MAINTENANCE

In addition to maintenance upon the Townhouse Common Area, the Townhouse Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: Paint, repair, replace and care of walks, roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, and other exterior improvements, including grass and other vegetation in those portions of each Lot lying outside of the residence building and patio. Such exterior maintenance shall not include glass surfaces

and each Owner shall be required to maintain his own glass and his own railing, deck and patio. In order to enable the Townhouse Association to accomplish the foregoing, there is hereby reserved to the Townhouse Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance, repair, or replacement is caused through the willful, or negligent act of the Owner, his family guests, or invitees, the cost of such maintenance, replacement, or repairs incurred by the Townhouse Association, shall be added to and become a part of the assessment to which such Lot is subject, without regard to any maximum limitation or uniformity of assessment rate requirement.

#### ARTICLE VIII INTERIOR MAINTENANCE

Each Owner shall maintain, repair and replace at his expense all interior portions of the improvements on his Lot which shall need repair, including rails, patios and decks located on the Lot, if any, and all bathroom and kitchen fixtures, light fixtures or other electrical or all mechanical equipment, pipes and fittings serving an Owner's unit including those which are located in a party wall, if any. Further, each Owner shall repair, maintain and replace at his own expense when necessary the heating and air

conditioning systems servicing his dwelling, whether located on his Lot or in the Townhouse Common Area adjacent to the Lot.

ARTICLE IX  
PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall separating units as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owner immediately next to such wall who makes use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owner immediately next to such wall thereafter makes use of the wall, he shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of

law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators and shall be final and binding upon the parties to the dispute.

#### ARTICLE X USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only and not more than two families may occupy a Lot at any one time. Declarant Georgetown Sands Corp. may maintain a sales office, models and construction office in one or more units until all units to be located on the Properties have been sold.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, provided, however, but only in the case of Owners, that dogs, cats or other household pets may be kept or maintained by such Owners provided they are not kept or maintained for commercial purposes.

Section 4. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until written permission for the same has been granted by the Townhouse Association, or its designated agent or representative.

Section 5. Use of Townhouse Common Area. The Townhouse Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Townhouse Association in writing.

Section 6. Access to Lot. The Townhouse Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Townhouse Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its

agent shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Townhouse Common Area or another Lot.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding or other items shall be permitted on the grounds or outside of any unit including porches or decks except by and through rules promulgated by the Board of Directors, which rules may exclude such activities completely.

Section 8. Signs. No signs or other advertising devices shall be displayed upon any Lot which are visible from the exterior of the dwelling thereon or on the Townhouse Common Area, or in the facilities thereon, without prior written permission of the Townhouse Association. Declarant, Georgetown Sands Corp., however, may post temporary for sale signs on the Properties until such time as all units owned by Declarant have been sold. An Owner may place a temporary "for sale" or "for rent" sign within, but not outside his Townhouse Unit.

Section 9. Garbage Disposal. All garbage shall be stored within the Townhouse Unit of each Owner or in the storage facilities provided for said Townhouse Unit at the time same is constructed or as thereafter designated by the Board of Directors. No Owner may change or supplement the garbage disposal facilities provided for such Owner's

residence on the date of completion of construction thereof unless the Board of Directors of the Townhouse Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 10. Regulations. Reasonable regulations governing the use of the Townhouse Common Area and external appearance of the Townhouse Units may be made and amended from time to time by the Board of Directors of the Townhouse Association; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the Owners before the same shall become effective. Copies of such regulations and amendments thereto shall be furnished to each Member by the Townhouse Association upon request.

#### ARTICLE XI EASEMENTS

Easements for the installation and maintenance of driveway, walkway, parking area, water line, gas line, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat. The Townhouse Association may reserve and grant easements for the

Installation and maintenance of sewerage, utility and drainage facilities over the Properties as provided in Article IV, Section 1(c) of this instrument. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition the Townhouse Association shall have the continuing right and easement to maintain all sewer and water lines located on the Lots, including the right to go into townhouse units and disturb the structure and floors thereof in order to maintain those lines located within or under said units.

Every portion of a Lot and each single-family attached Townhouse Unit constructed thereon and contributing to the support of an abutting townhouse shall be burdened with an easement of support for the benefit of such abutting townhouse. Further, all attachments to the exterior walls of a Townhouse which are a part thereof but which protrude beyond the delineated boundaries of the Lot upon which the dwelling is located, and which were constructed in conformity with the plans and specifications of Georgetown Sands Corp. or are approved by the Board of Directors in writing, shall be deemed to be included within said delineated boundaries and

there is hereby reserved an easement to permit the construction of and continued existence of any such protruding attachment.

There shall be dedicated by this Amended Declaration an easement of access to and from each Lot along the common access road for Georgetown Sands and across the parking areas to be constructed adjacent to each Lot together with other improvements which are placed upon the Properties. In addition, Declarant Georgetown Sands Corp. reserves the right to construct such parking areas and access ways for both vehicles and pedestrians adjacent to the Properties shown on Exhibit A. Those Lots designated as Lot No. 49 and Lot No. 50 on Exhibit A shall have a right of access for both vehicles and pedestrians from the Townhouse right-of-way along the Southern boundary of the Property as shown on Exhibit A and across such other Common Areas as may exist to the said Lots, and this right of access shall be in addition to any rights which may be available through the adjacent right of way of Plover Street through the Sea Acres Subdivision located to the North of Georgetown Sands.

#### ARTICLE XII INSURANCE

Each Owner shall secure and maintain in full force and effect at such Owner's expense, one or more insurance policies insuring Owner's Lot and the improvements thereon for the full replacement value thereof against loss or

damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief and flood.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring on Owner's Lot, not less than the amount designated in writing by the Townhouse Association. Owner shall provide the Townhouse Association with satisfactory evidence that such insurance as herein required (including the insurance described in the immediately preceding paragraph) is in full force and effect and the Association will be given thirty days' notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein required or to provide such evidence of insurance, the Townhouse Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Townhouse Association without regard to any maximum limitation on amount or uniformity of assessment rate requirement against Owner and Owner's Lot in accordance with the other provisions of this Declaration,

- 30 -

and Owner covenants and agrees to pay to the Townhouse Association such special assessment upon demand.

This insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all units provided the approval of a majority of the Owners is obtained and where required approval by the holders of first deeds of trust on the Lots is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Amended Declaration which amendment shall be executed only by the Townhouse Association and recorded in the Dare County Public Registry.

ARTICLE XIII  
FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least a majority of the Owners and where required holders of first deeds of trust on Lots have given their prior written approval, the Townhouse Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Townhouse Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.

(c) Fail to maintain fire and extended coverage insurance on insurable improvements in the Townhouse Common Area on a current replacement cost basis in an amount not less than one hundred percent of the insurable value so long as such insurance is reasonably available.

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Townhouse Common Area for other than repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any Owner and holder of a first deed of trust on any Lot will have the right to examine the books and records of the Townhouse Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Townhouse Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Townhouse Association and the persons, firms or corporations making such payments shall be owed immediate

reimbursement therefor from the Association without regard to any limitation on amount or uniformity of assessment rate requirement.

ARTICLE XIV  
GENERAL PROVISIONS

Section 1. Enforcement. The Townhouse Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Amended Declaration. Failure by the Townhouse Association or by any Owner to enforce any covenant, provision, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one or more of these covenants, provisions, conditions or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants, provisions, conditions and restrictions of this Restated Declaration shall run with and bind the land for a term of twenty-five years from the date of this Restated Declaration is recorded after which time they shall be automatically extended for successive periods of ten years. This Restated Declaration may be amended during the first twenty-five year period by

an instrument signed by the Owners of not less than two-thirds of the Lots, and thereafter by an instrument signed by the Owners of not less than fifty-one percent of the Lots. Any amendment must be properly recorded.

IN WITNESS WHEREOF, the undersigned GEORGETOWN SANDS CORP., by the signature of its President, attested by its Secretary and its corporate seal to be hereunto affixed, and Owner Declarants by virtue of the provisions of Article I, Section 6, of the aforesaid Restated Declaration of Covenants, Conditions and Restrictions, have caused this instrument to be executed the day and year first above written.

GEORGETOWN SANDS CORP.

By James M. White  
President



By William J. Lawrence, Jr.  
ASST. Secretary

EXHIBIT A - EXISTING PROPERTY

All of the property set forth and described in Exhibit A of Declaration of Covenants, Conditions and Restrictions dated May 15, 1984 by Georgetown Sands Corporation of record in Book 374, Page 100 of the Dare County Registry, said Exhibit and description contained therein being incorporated herein by reference, and that property described in Supplemental Declaration of Covenants, Conditions and Restrictions dated June 3, 1985 by Georgetown Sands Corporation of record in Book 402, Page 785 of the Dare County Registry. Said property consisting of that property reflected on plat of "Georgetown Sands" prepared by Triangle Engineering Services, Inc. dated May 22, 1985 and duly filed for record in Plat Cabinet B, Slides 346 and 347 of the Dare County Registry, incorporated herein by reference.