

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OSPREY RIDGE SUBDIVISION

DUCK, ATLANTIC TOWNSHIP, DARE COUNTY, NORTH CAROLINA



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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OSPREY RIDGE SUBDIVISION
DUCK, ATLANTIC TOWNSHIP, DARE COUNTY, NORTH CAROLINA

COUNTY OF DARE

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of covenants, Conditions and Restrictions (the "Declaration"), is made and entered into on this ___ day of July, 2002, by Ambrosia Group LLC, a North Carolina Limited Liability Company, hereinafter referred to as the "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article One of this Declaration and desires to create thereon a residential community (the "Community") together with a street, entrance, drainage facilities, easements, site lighting and signage (along with the common area upon which such is sited) shown on the recorded plat of such real property or a portion thereof (hereinafter referred to as the "facilities") for the benefit of the Community; and

WHEREAS, Declarant 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 of a portion thereof; and

WHEREAS, Declarant has deemed it desirable to create an agency to which should be delegated and assigned the powers of administering and enforcing the covenant, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation, Osprey Ridge HOA, Inc. (the "association"), for the purpose of exercising the functions aforesaid;

NOW THEREFORE, the Declarant declares that the real property described in Article One, 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") as 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:

See Exhibit "A" attached hereto and incorporated herein by reference.





ARTICLE TWO

DEFINITIONS

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

- (a) "Assessments" or "common charges" shall mean and refer to the assessments and charges levied against the Owners of Lots in the Property, as hereinafter defined, pursuant to Article Seven of the Declaration and the words assessments shall have the same meaning as Common Charges, unless the context requires otherwise.
- (b) "Association" shall mean and refer to the Osprey Ridge HOA, Inc. and "Bylaws" shall refer to the Bylaws of the Association.
- (c) "Board" shall mean and refer to the Board of Directors of the Association.
- (d) "Common Expenses" shall mean and refer to:
 - (i) Expense declared Common Expense by the provisions of this Declaration or the Bylaws
 - (ii) Expense agreed upon as Common Expense by the Association and lawfully assessed against the Owners of Lots or Dwelling units in accordance with the bylaws or this Declaration
 - (iii) Any valid charge against the Association or against the Common Properties as a whole.
- (e) "Common Properties" shall mean and refer to the road and sign area shown on any recorded subdivision plat of the Property.
- (f) The "Declarant" shall mean and refer collectively to Ambrosia Group, LLC and any person or entity who is specifically assigned the rights and interests of the Declarant hereunder.
- (g) "Dwelling Unit" shall mean and refer to any improved property intended for use and occupancy as one (1) single family dwelling, irrespective of the numbers of Owners thereof (or the form of ownership) including any single family detached dwelling located within the Property.
- (h) "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit, which shall not include garages, carports, porches, patios, storage area, breezeways, terraces, basements or playrooms.
- (i) "Lot" shall mean and refer to any unimproved parcel of land within the Property which is intended for use as a site for a single family detached dwelling, as shown upon any recorded subdivision map of any part of the Property. "Member" shall mean and refer to all those owners who are members of the Association as provided in Article Five, Section 1, of this Declaration.



- (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 or Dwelling Unit situated upon the Property, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgage or trust beneficiary unless and until such mortgage or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure or, in the case of a trust beneficiary, has taken fee simple title pursuant to the terms of the trust instrument.
- (k) "The Property" shall mean and refer to all the existing property.

ARTICLE THREE

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of two-thirds (2/3) of the Lots and Dwelling Units has been recorded, agreeing to change said covenants and restrictions 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 a Member or Owner on the records of the Association at the time of such mailing. If title to a Lot or Dwelling is held by more than one, shall constitute notice to all Owners of a Lot or Dwelling Unit.

Section 3. Enforcement. Enforcement of these covenants, conditions and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant, condition or restriction, either to restrain the violation or to recover damages, or both, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant condition or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants, conditions and restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.



ARTICLE FOUR

ARCHITECTURAL CONTROL AND RESTRICTIONS ON USE AND RIGHTS
OF THE ASSOCIATION DECLARANT AND OWNERS

Section 1. Architectural Control

(a) Purposes. Each and every Lot in the Property is taken subject to the express condition that the Owner or Owners of the Lot will contract with Ambrosia-Group for the design and construction of a Dwelling Unit thereon and that construction will begin within one year of closing on the Lot. The Declarant desires to provide a means for the continuation of the preservation of the values in The Property after completion of all of the Dwelling Units in the Property, and to that end, desires to establish an Architectural Control Committee in order to provide and maintain certain standards as to harmony of external design and location in relation to surrounding structures and topography.

(b) Architectural Control. Unless expressly authorized in writing by the Architectural Control Committee (the "Committee") no construction of any kind, other than the initial construction by Ambrosia-Group nor any clearing or site work shall be commenced, erected or maintained upon The Property, until plans and specifications therefore shall have been submitted in duplicate to and approved in writing by the Committee. 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 that 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 any construction. In no event will the Committee approve any plans in which the Dwelling Unit at the highest point on its roof exceeds thirty five (35) feet in height, measured from the finished grade. In no event shall the Committee, in the exercise of its discretion, approve the location of a Dwelling Unit or garage within twenty five (25) feet of the front line of any Lot, within ten 10 feet of the side lines of any Lot and within twenty five (25) feet of the rear line of any Lot as shown on the recorded plat. This building height limit shall not apply to those architectural features known as cupolas and observation towers provided that the floor area of the cupola or observation tower is no greater than sixty four (64) square feet gross area including the stairwell, in which case the peak of the observation tower or the highest portion of the cupola shall not exceed more than five (5) feet above the building height limit.

(c) Architectural Control Committee

(i) Membership. The Committee shall be composed of three (3) persons, 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 full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available to any Owner.

(ii) 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 the Committee members, as to the approval, disapproval or waiver by the Committee, shall be controlling. In the event the Committee, or its designated representative, fails to approve or disapprove within thirty (30) days after Plans have been received by it, whether before or after construction has commenced, 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; furthermore, 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 constituting a portion of The Properties, within ninety (90) days after commencement of construction, 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.

Section 2. Restriction on Use and Rights of the Association
Declarant's and Owner's Prohibition Against Time Sharing or Other Devices

(a) Permissible Uses. No Lot shall be used except for residential purposes (with the exception of any Model Home(s) constructed by the Declarant), and no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit, which shall comply with any applicable zoning regulations. When construction of any kind has once begun, work thereon shall be pursued diligently and continuously until the full completion thereof.

(b) Division of Lots. No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by each Owner and provided further that only one Dwelling Unit may be constructed on the Lot as subdivided and combined.

(c) No unit of ownership or ownership interest may be subdivided to permit "Time Sharing" or other "devices" to effect interval ownership unless approved by the Association subject to conditions which may be imposed by the Association.



For purposes of this section "Time Sharing" or other "devices" to effect interval ownership shall include but not be limited to ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which four (4) or more persons not members of a single household have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

(d) Utilities and Easements. All utility lines of every type, including but not limited to water, electricity, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant 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, wires, cables, and conduits for the purpose of bringing public services to The Property on, in, under and over (i) the road shown on the recorded plat of The Property, (ii) twenty five (25) feet of each Lot line fronting on a street and ten (10) feet along the side lines of each Lot, and (iii) twenty five (25) feet along the rear line of each Lot, and such other areas as are shown on any recorded plats of The Property; provided further, that the Association may cut, at its own expense, drainways for surface water wherever and whenever such action is required by applicable health, sanitation or other state or local authorities in order to maintain reasonable standards of health, safety and appearance. In the event of any additions to The Property, as provided in Article One, by the Declarant or others, the easements created hereby shall exist on the Lots in such additions to The Property. These easements and rights expressly include the right to cut 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.

(e) Minimum Square Feet in Dwelling Unit. Each Dwelling Unit shall contain a minimum of 2400 square feet of Living Area. Measurements shall be made to exterior walls.

(f) Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Property at any time, provided, however, that this prohibition shall not apply to shelters or huts used by contractors during the construction of a Dwelling Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or permitted to remain on any portion of the Property other than by Declarant during the sales phase of the Property.

(g) Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each owner shall provide receptacles for garbage, and all garbage receptacles, tools and equipment for use on the Lot of any Owner or otherwise shall be placed in a fenced area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads abutting the Lot. No fuel



tanks or similar storage receptacles, other than solar panels and related storage facilities, may be exposed to view and such fuel tanks or similar storage receptacles may be installed only within the Dwelling Unit, or an accessory building, or buried underground.

(h) 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 materials shall be placed upon any portion of The Property, except as is temporary and incidental to the bona fide improvement of any portion of The Property.

(i) Antennas. No television antennas, satellite dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit, structure or any Lot or Common Properties within The Property unless approved by the Committee.

(j) Unsightly Conditions. It is the responsibility of each owner to prevent any unclean, unsightly, or unkempt conditions of his Dwelling Unit or grounds on a Lot of any Owner which shall tend to materially decrease the beauty of The Property specifically and as a whole.

(k) No Offensive Activity or Fires. No noxious or offensive activity or excessive noise shall be carried on upon any portion of The Property, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of the Property.

(l) Animals and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other Lots or Dwelling Units by any Owner, tenants and guests thereof, may be maintained. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or Dwelling Unit, except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

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

(n) Motorized Vehicles. All motorized vehicles operating within The Property must be properly muffled so as to eliminate noise which might be offensive to others.

(o) Signage. No sign of any kind shall be displayed to the public view on any Lot or Dwelling Unit except one (1) sign with dimensions of not more than two feet by three feet advertising any Lot or Dwelling Unit for sale or rent. All other signs on any Lots must conform with rules and regulations adopted (from time to time) by the Committee



or must be approved in writing by the Committee. Notwithstanding the foregoing, the Declarant shall have the right to locate signs indicating the location of any model home.

(p) Vegetation. No existing vegetation or sand dunes shall be disturbed during construction without the express written consent of the Architectural Control Committee. The Committee shall require written proposals for the restabilization of any such disturbed area. This shall not prevent the Committee or the Association from engaging in such earthmoving, cleaning, mowing, and pruning activities as are necessary to affect the overall plan of development.

(q) Mail and Delivery Boxes. The Committee shall determine the standards and issue guidelines thereof for the location, material, color and design for mail and newspaper boxes, if, any, and the manner in which they shall be identified. All Owners must display the County assigned street address on their mailboxes, or other appurtenance, as per the specifications of the Dare County Street Address Ordinance.

(r) Residential Lot Coverage. In compliance with the Dare County Zoning Ordinance limitations, no more than thirty percent (30%) of any Lot shall be covered by structures and/or paved surfaces, including walkways or patios of brick, stone, slate or similar materials. (This covenant also insures continued compliance with stormwater runoff rules adopted by the State of North Carolina and thus may be enforced by the State of North Carolina.)

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

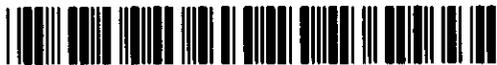
Section 1. Membership. Every person or entity who is a record owner of a fee simple interest in any Lot is subject by this Declaration to assessment by the Association and shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights. The Association shall have two (1) class of voting membership. When more than one person or entity holds an interest in any Lot, all such persons shall be Members, and the vote for such 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 (1) vote be cast with respect to any such Lot.

ARTICLE SIX

PROPERTY RIGHTS IN THE COMMON PROPERTY

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 Property. The Declarant may retain the legal title to any Common Property, including the road shown on any recorded plat of The Property, until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Declarant, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors and assigns, that it shall convey, and upon such conveyance the Association shall accept, any such Common Properties to the Association not later than December 31, 2006. Prior to the date of any transfer of the road to the appropriate government agency or authority by the Association, said streets and roads shall be Common Properties and the expense of maintenance shall be borne by the Association.

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 Declarant, in its sole discretion and at no cost to any Owner, to grade, pave or otherwise improve the road shown on the recorded plat of The Property.
- (b) The right of the Association, as provided in its Articles or By-Laws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of any published rules and regulations adopted by the Board; and
- (c) The right of the Association to dedicate or transfer all or any part of the Common Property (which includes the road) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless fifty-one percent (51%) of the votes of Members entitled to vote, at a Special Meeting of the Members called in accordance with the By-Laws (any consents in writing presented to the Secretary or other officer of the Association at or prior to such meeting shall constitute votes of Members), consent to and approve of such dedication, transfer, purpose or condition. If so agreed to and approved by the Members, such dedication and transfer, specifying the purpose(s) and condition(s) thereof, shall be executed by the President and Secretary of the Association with the same formalities of a deed and recorded in the Dare County Public Registry.

Section 4. Driveway Culverts. No Owner shall interfere in any way with the roadway drainage swales or driveway so as to impede water movement along the existing



roadway swale, and will maintain their culvert at all times in such a way that it does not become an eyesore or disturb the desired drainage patterns in the swale system. No Owner shall make any change to the approved stormwater management plan or disturb the drainage patterns in the swale system.

Section 5. Stormwater Management Improvements. The Association will be responsible for maintenance of any stormwater management swales, etc., and to see that each Owner maintains his driveway culvert as per Section 4 of this Article. Such maintenance is to include removal of sediments within the swales and channels, restabilization of the swales and channels as needed, check dam repairs, flushing of driveway culverts and upkeep of the vegetation cover on a periodical, as required basis.

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner, other than the Declarant, of any Lot, 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 and does hereby covenant and agree to all the covenants, conditions and restrictions of this Declaration and to pay to the Association: (1) annual assessments or charges as herein or in the By-Laws provided, (2) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the By-Laws provided), and (3) any liquidated damages or summary charges imposed under authority contained in the By-Laws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any Rules and Regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the By-Laws. The annual and special assessments and any liquidated damages or summary charges as herein or in the By-Laws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Unit against which each such assessment is made. 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 or persons jointly and severally, who is (are) the Owner(s) of such Lot or Dwelling Unit at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, security, safety and welfare of the residents of The Property and in particular for:

- (a) The improvement, maintenance, and replacement of the Common Property,
- (b) maintenance of exteriors of Dwelling Units and related improvements on Lots (subject to reimbursement by the Owner(s) of such Lot or Dwelling Unit) pursuant to Article Eight, Sections 1 and 2 of this Declaration,



(c) establishment of capital replacement reserves, and

(d) for the acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Common Property, including but not limiting to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Properties, the procurement and maintenance of insurance related to the Common Properties, its facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as be necessary to perform all of the aforesaid functions and purposes.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for every Lot. Each Lot will be assessed equally.

Section 4. Application of Minimum and Maximum Assessment. The minimum regular annual assessment, as set forth in the schedule herein below, shall be levied by the Association unless the Board of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded only by an assessment above the minimum but not more than the applicable maximum regular assessment, as set forth in the schedule below. If the Board of Directors shall levy the applicable minimum assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by the minimum assessment, the Board, by unanimous decision, may levy a supplemental assessment but in no event shall the sum of the minimum and supplemental regular annual assessment for the year exceed the applicable maximum regular assessment.

The regular annual assessment minimum and maximum amounts shall be \$250 Minimum Regular and \$500 Maximum Regular.

Commencing with the calendar year beginning January 1, 2004, the minimum and maximum regular annual assessments shall automatically be increased each year, unless the Board of Directors, by unanimous decision, shall determine otherwise, by Five Percent (5) per annum, compounded annually.

Section 5. Special Assessments for Capital Improvements. In addition to the regular annual assessments authorized by Section 4 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 capital improvement located upon the Common Property, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of 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 in accordance with the provisions of the By-Laws for Special Meetings.



Section 6. Quorum for any Action Authorized Under Section 4. The quorum required for any action authorized by this declaration shall be as follows:

At the first meeting called, 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 such meeting, another meeting may be called, subject to the notice requirement set forth in 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 regular annual assessments provided for herein shall be paid (as determined by the Board of Directors) in annual installments and the payment of such shall commence as to each Lot on the first day of the month following the conveyance of the Lot, but no earlier than January 1, 2003. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment at least fifteen (15) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot or Dwelling Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

The due date of any special assessment or any other assessments permitted by this Declaration, shall be fixed in the resolution or resolutions authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the assessment or assessments against each Lot, for each assessment period at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the Office of the Association, or at any other place designated by the Board upon notice to the Members, and shall be open to inspection by any Owner. Written notice of the assessment or assessments thereupon shall be sent to every Owner subject thereto.

Section 9. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner The Lien Remedies of 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, successors and assigns. The personal obligation of the then-Owner to pay such assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as



an encumbrance or lien against the Lot) unless expressly waived by the Board of Directors.

If the assessment or assessments is not paid within thirty (30) days after the delinquency date, the assessment or assessments 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 Board acting on behalf of the Association, may authorize its officers to 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, the costs of such action and reasonable attorneys' fee or other cost incurred by the officers of the Association pursuant to authority of the Board. 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 cost of the action.

Section 10. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot or Lots, subject to assessment. The subordination shall not relieve any Lot or Lots, from liability for any assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage or deed of trust, irrespective of when such first mortgage or deed of trust was executed and recorded.

Section 11. Exempt Property. No Lot shall be exempt from said assessments, charges or liens.

Section 12. Declarant's Obligations for Assessments. The Declarant's obligation for assessments on unsold Lots subject to this Declaration will be limited to the difference between the actual operating costs of the Association, excluding reserves on the Common Properties, and the assessments levied on Owners who have closed title on their Lots. In no event, however, will the Declarant be required to make a deficiency contribution in any amount greater than it would otherwise be liable for if it were paying assessments on unsold Lots. After December 31, 2003, Declarant shall pay assessments as would any other Owner for each Lot owned by the Declarant.

ARTICLE EIGHT

EXTERIOR MAINTENANCE AND INSURANCE

Section 1. Exterior Maintenance. In addition to maintenance on the Common Properties and after thirty (30) days written notice to any Owner which shall specify the required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot and (b) maintenance upon any Dwelling Unit,



which is subject to assessment under Article Seven hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, and exterior improvements on any Dwelling Unit. Such maintenance as to a vacant Lot may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

Section 2. Assessment of Cost on Exterior Maintenance. The cost of any such maintenance shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the regular annual assessment or charge to which such Lot is subject and, as part of such regular annual assessment it shall be a lien against any such Lot or Lots, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

Section 3. Insurance on Dwelling Units. Each Owner of any Dwelling Unit within The Properties, by acceptance of a deed therefore, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

(a) To keep each Dwelling Unit insured against loss by fire or other casualty, with extended coverage insurance, in an amount equal to at least 90% of the replacement cost of such Dwelling Unit;

(b) To name the Association as an insured "as-its-interest may appear", so that the Association shall be entitled to receive notice of cancellation of such insurance policy;

(c) To build or restore such Dwelling Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit; and

(d) To keep the Dwelling Unit in good repair as required by this Declaration or by the Bylaws.

In the event of non-payment of any premium for insurance required under this Article Eight, the Association is authorized, but not obligated or required, to pay such premium and the sum so paid shall become a lien upon the Dwelling Unit enforceable in the same manner and to the same extent as provided for enforcement of liens for assessments hereunder.

ARTICLE NINE

AMENDMENT TO DECLARATION

An amendment to this Declaration may be proposed by the Board of Directors acting upon a vote of a majority of the Directors, or by the Members of the Association owning a majority of the voting interests in all of the Lots, whether meeting as Members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board of Directors or Members, such proposed Amendment shall



be transmitted in writing to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than ten (10) days nor later than fifty (50) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each Member written notice of such Special Meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, Certified with Return Receipt Requested, addressed to the Member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Member. At the meeting, the Amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the votes of Members (including the Declarant) entitled to vote in order for such Amendment to become effective. At any meeting held to consider such Amendment, the written vote of any Member of the Association shall be recognized and counted if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. In order for such Amendment to be binding upon all the holders of mortgages or deeds of trust against any Lot or Dwelling Unit in The Properties, written consent must be obtained from the then existing (as of the date of the meeting of Members which approved such Amendment) holders of First Lien Mortgages or Deeds of Trust encumbering fifty-one percent (51%) of the Lots and Dwelling Units in The Properties. If such consent is so obtained, the Amendment shall be binding on all the holders of mortgages or deeds of trust encumbering Lots and Dwelling Units in The Properties. If so approved, such Amendment of this Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted and approved by the requisite percentages of Members and lenders. The original or an executed copy of such Amendment so certified and executed by said officers with the same formalities as a deed, shall be recorded in the Dare County Public Registry, and no such Amendment to this Declaration shall be effective until so recorded. If any Amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

ARTICLE TEN

CAPTIONS INTRODUCTIONS AND GENDER

The caption 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 the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use



of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

IN WITNESS WHEREOF, the duly authorized officers of the undersigned Declarant have executed this Declaration of Protective Covenants, this the 11th day of July, 2002.

Declarant
Ambrosia-Group, LLC

By: Robert R. DeGabrielle
Robert R. DeGabrielle
Managing Partner

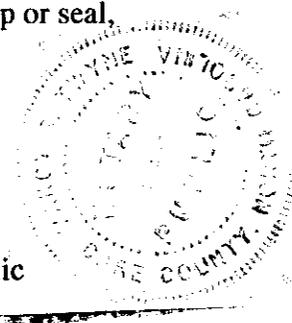
VERIFICATION

North Carolina, Dare County

I, a Notary Public of the County and State aforesaid, certify that Robert R. DeGabrielle, personally appeared before me on the 11th day of July, 2002 and acknowledged the execution of the foregoing Declaration of Covenants, Conditions and Restrictions for Osprey Ridge Subdivision. Witness my hand and official stamp or seal, this the 11th day of July, 2002.

My commission expires: April 24, 2007.

Marcy R. Tuylne Notary Public



State of North Carolina
County of Dare

The foregoing certificate of Marcy R Tuylne
A Notary Public of Dare Co NC is certified to be correct. This instrument and this certificate are duly registered at the Date and Time in the Book and Page shown on the first page hereof.

Barbara M. Gray, Register of Deeds

By: Andrew Y. Sillett
Deputy Register of Deeds

