

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTSSection 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 to the Association fifteen percent (15%) of the established assessments 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 5 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 and of the homes situated upon The Properties, including maintenance of roads, all of which shall be Common Expenses, as detailed in the By-Laws.

Section 3. Annual Assessments. The annual assessment for the year 1984 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 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 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 periods therein specified, the Association may change the maximum amount 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 and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation and under Article One, Section 2 of this Declaration.

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 Sections 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. The annual assessment provided for in Section 3 of this Article shall commence on January 1, 1984, 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 on an annual basis, in advance, on the first day of the next succeeding month, after notice, as to the amount of the annual assessment due by any Owner, is received by an Owner from the Board. 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 first assessment levied against any additional unit which is hereafter added to The Properties, now subject to assessment, at a time other than the beginning of any assessment period, shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 of this Article as the remaining number of months in that year bear to twelve.

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 the 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 to insure the best use of 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. Preserve, so far as practicable, the natural beauty of said property, to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials, to insure the highest and best development of said property, to encourage and secure the erection of attractive homes thereon with appropriate locations thereof on building sites, to prevent haphazard and inharmonious improvement of building sites, to secure and maintain proper setbacks from property lines and adequate free spaces between structures, and 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 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.

Section 3. Architectural Control Committee. (a) Membership: The Committee shall be composed of three (3) 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 full authority to designate the successor otherwise approved by the Association. Neither the members of The Committee nor its designated representatives 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 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 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.

ARTICLE NINE

AMDMENDMENT OF DECLARATION

This Declaration may be amended by a majority vote of the Owners including the Developer. If any amendment 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 without 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, First Washington Corporation has caused this instrument to be executed in its corporate name the day and year first above written.

FIRST WASHINGTON CORPORATION

BY: [Signature]

Vice President

ATTEST:

Crystal Horsley



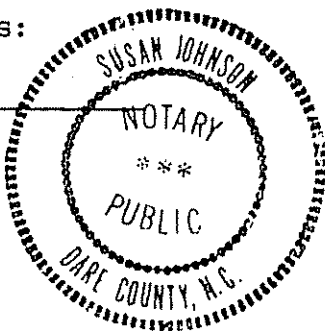
NORTH CAROLINA
DARE COUNTY

I, notary public for the county and state aforesaid certify that Crystal Horsley personally came before me and acknowledged that she is the assistant secretary of First Washington Corporation, 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 Vice President, sealed with its corporate seal and attested by her as its Assistant Secretary.

WITNESS my hand and official stamp or seal, this 20th day of December, 1983.

My Commission Expires:

10-2-88



[Signature]
Notary Public

NORTH CAROLINA DARE COUNTY

The foregoing Certificate(s) of Susan Johnson, a Notary Public
Dare Co., NC

Is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Allen S. Wain Register of Deeds For Dare County

By Norma Jean Ward Deputy/Assistant Register of Deeds RECORDED: Dec. 21, 1983

SCHEDULE "A"

Parcel 1. Existing property subject to Declaration.

All of the property shown on a plat entitled Subdivision Map of "Tuckahoe", Phase I, Atlantic Township, Dare County, North Carolina, consisting of two sheets, and surveyed May, 1983, prepared by C. P. Lewis, Surveyor, and recorded in Plat Cabinet B, at slides of the Dare County Public Registry.

Parcel 2. Property contemplated for future development and submission to Terms of this Declaration.

All of that certain property described in a series of three deeds, each to First Washington Corporation as Grantee, and same being recorded in the Office of the Register of Deeds of Dare County, North Carolina, in Book 349 at page 190, Book 349, page 193, and Book 349, page 196, and being all of the property described therein and located west of NCSR 1200 and continuing to the Currituck Sound.

NOTE: The property described in Parcel 2 above may be submitted by Supplemental Declaration to the terms and conditions of this Declaration, in the discretion of the Developer and by recording such Supplemental Declaration in the Office of the Register of Deeds, Dare County, North Carolina.