

COPY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

of

THE PENINSULA

a Planned Unit Development

On Roanoke Island in Dare County, North Carolina

Book Page

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BARBARA M. GRAY

Register Of Deeds

This Declaration of Covenants, Conditions and Restrictions (hereinafter "Declaration") is made and entered into on the 1st day of July, 1998, by Launch N.C. a North Carolina Corporation (hereinafter "Declarant"),

WITNESSETH:

WHEREAS Declarant is now or has been the owner of the real property described in Exhibit A which is attached hereto and incorporated herein by reference, and

WHEREAS Declarant desires to create on the lands described in Exhibit A a Planned Unit Development (hereinafter "PUD") subject to the terms and conditions of the Zoning Ordinance of the Town of Manteo, said PUD being a community of residential uses (the "Community") together with streets, drives, lanes, footways, open spaces, landscaping, entrances, drainage facilities, access easements, and any common facilities for the benefit of the Community shown on any recorded plats of the Community or any part thereof (hereinafter "Facilities"); and

WHEREAS Declarant desires to provide for the preservation of the values and amenities in the Community and for the maintenance of the Facilities and, to accomplish that, desires to subject the real property described in Exhibit A to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, all for the benefit of said real property and each owner of a portion thereof; and

WHEREAS Declarant's intention is to develop the Community with residential homesites for the construction of single-family homes; and

WHEREAS Declarant has deemed it necessary for the efficient preservation of the values and amenities in the Community, to create an entity to which should be delegated and assigned the powers of maintaining, administering, operating and replacing the community properties and Facilities, as appropriate, and administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS Declarant has caused a non-profit corporation, The Peninsula Owners Association, Inc., to be incorporated under the laws of North Carolina for the purpose of exercising the functions set out hereinabove;

Prepared By:
WHIBLESS & WHIBLESS, PLLC
ATTORNEYS AT LAW
P. O. Box 500 Manteo, NC 27954
919-473-5500

NOW THEREFORE the Declarant declares that the real property described in Exhibit A is and shall hereafter be held transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of this Declaration of Covenants, Conditions and Restrictions and any amendments thereto.

ARTICLE ONE
DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration whether appearing in lowercase or uppercase print either in whole or part (unless the context requires otherwise) shall have the following meanings:

- 1.1. "Assessment(s)" or "assessment(s)" or "Common Charges" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of homesites in the Properties and the words Assessment(s) or assessment(s) shall have the same meaning as Common Charges, unless the context requires otherwise.
- 1.2. "Association" shall mean and refer to The Peninsula Owners Association, Inc., and "Bylaws" shall mean and refer to the Bylaws of the Association and all amendments thereto.
- 1.3. "Board" shall mean and refer to the Board of Directors of the Association.
- 1.4. "Common Expenses" shall mean and refer to:
 - (a) Expenses of administration, operation, maintenance, repair or replacement of the Common Properties;
 - (b) Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws;
 - (c) Expenses agreed upon from time to time as Common Expenses by the Association Board of Directors and lawfully assessed against Members who are Owners of residential Homesites or Dwelling Units in The Properties as applicable, in accordance with the Bylaws or this Declaration; and
 - (d) Any valid charge against the Association or against the Common Properties as a whole.
- 1.5. "Common Properties" shall mean and refer to those areas of land shown on any recorded plat of the Properties and labeled as "Common Properties" or shown as Recreational Facilities, open space, canal access, streets, roads, pedestrian walking areas, boat docks, boat ramp or boat basin (together with all improvements located thereon) which are a part of the Properties, and as such are intended to be devoted to the common use and enjoyment of the Members, subject to special use rights and limitations, if any, granted to or imposed

on Owners of particular homesites, and subject to the use rights of others, the Developer or Board of Directors grants a legal right of use.

- 1.6. "Community Documents" shall mean and refer to this Declaration, the Articles and Bylaws of the Association and any rules and regulations promulgated by the Association from time to time.
- 1.7. "Declarant" or "Developer" shall mean and refer to Launch N.C., Inc., a North Carolina Corporation, and any person who or entity that is specifically assigned the rights and interests of Declarant hereunder.
- 1.8. "Dwelling Unit" shall mean any residential structure together with any approved appurtenances located on any homesite.
- 1.9. "Homesite" shall mean and refer to any unimproved parcel of land within The Properties 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 Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved property, i.e., a Dwelling Unit.
- 1.10. "Limited Common Properties" or "Limited Common Areas" shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Dwelling Unit) shown on or designated as Limited Common Properties or Limited Common Areas on any recorded subdivision map of the Properties, and intended for the use of the Owners of particular Homesites or Dwelling Units to the exclusion of other Owners and other Members. Any property so designated shall be for the exclusive use of the Owners of the Dwelling Units or the Homesites so designated on the recorded plats, and the expenses of administration, operation, maintenance, repair or replacement of those Limited Common Properties or Limited Common Areas shall be assessed against those Homesites or Dwelling Units having the exclusive or special rights in the use or enjoyment thereof.
- 1.11. "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit that shall not include garages, carports, porches, patios, breezeways, terraces, or basements.
- 1.12. "Member" shall mean a member of the Association and shall refer to all homesite Owners in the Properties.
- 1.13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any homesite or Dwelling Unit situated upon the Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any secured noteholder or trust beneficiary unless and until such secured noteholder or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all Peninsula

owners interchangeably as semantics dictate throughout this Declaration.)

- 1.14. "Peninsula" or "The Peninsula" shall mean and refer to that community within the Town of Manteo in Dare County, North Carolina, consisting of the lands described in Exhibit A and those defined in "Common Properties".
- 1.15 "Properties" or "The Properties" shall mean and refer to all the Existing Property as described in Exhibit A, and all the lands (including but not limited to common properties, streets, roads and amenities) described in the deed of conveyance from Declarant into The Peninsula Owners Association, Inc. recorded after registration of this Declaration.

ARTICLE TWO GENERAL PROVISIONS

- 2.1. 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 two-thirds (2/3) of the Members of the Association 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 mailed to every Member at least fifty (50) days in advance of any action taken.
- 2.2. 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, postage prepaid, first-class mail, or deposited with a courier (such as, but not limited to Federal Express or United Parcel Service) and addressed to the person at the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title is held by more than one, shall constitute notice to all Owners.
- 2.3. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding brought by The Peninsula Owners Association, Inc. against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.
- 2.4. Severability. Invalidation of any one of these covenants and restrictions by judgment or court order shall in no way affect any other provision that shall remain in full force and effect.
- 2.5. Bylaws of The Peninsula Owners Association, Inc. The Peninsula Owners Association, Inc. shall be governed by this Declaration and the Bylaws of the Association attached hereto as Exhibit "B" and incorporated herein by reference. The said Bylaws contain provisions for hearings and the levying of fines against Owners and the suspension of rights and privileges granted to

members of the Association. In the event of a conflict or inconsistency between the terms and provisions of the said Bylaws and this Declaration, the terms and provisions of this Declaration shall prevail.

ARTICLE THREE
AESTHETICS REVIEW and USE RESTRICTIONS

3.1. Purposes. The Declarant desires to provide for the preservation of the values in the Properties with respect to any Dwelling Unit to be constructed on any homesite, and to that end will establish under the Association an Aesthetics Review Committee in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on any homesite in relation to surrounding structures, natural features and topography.

3.2. Aesthetics Review Committee Generally. Unless expressly authorized in writing by the Aesthetics Review Committee (the "Committee"), no Dwelling Unit, fence, wall, driveway, patio, building or other structure or improvement whatsoever may be constructed, nor may any exterior addition or alteration to any Dwelling Unit, fence, wall, driveway, patio, building, bulkhead, pier or other structure or improvement be started, nor may any clearing or site work be commenced or maintained upon any homesite, until plans and specifications therefor showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor (all of which is hereinafter referred to collectively as the "Plans"), shall have been submitted in triplicate to, and approved in writing by the Committee, as to harmony of external design and location in relation to any surrounding structures, natural features and topography, and any other matters appropriately reviewed by the Committee. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans 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 which are substantially similar to any other plans and specifications which previously have been approved for any Dwelling Unit.

3.3. Dwelling Unit Plans. Owner shall use the architectural firm of Florez & Florez of Kill Devil Hills, North Carolina, to design his Dwelling Unit, as the Committee knows that firm's work. If Florez & Florez is not in business or otherwise unable to perform the design work of the Owner, then plans for Dwelling Units shall be drawn by an architect approved by the Committee. An architect shall be approved if the architect has an appropriate North Carolina license in good standing, meets the Committee's current standards for architects, is in good financial standing, has a good reputation in the local community and has designed, to the satisfaction of the Committee, comparable structures on a regular and routine basis. Notwithstanding this section, Owner must still submit specific Plans including, but not necessarily limited to, those items set forth in paragraph 3.2 above for the Committee's consideration.

3.4. Setback Requirements. The Committee in the exercise of its discretion shall not approve the location of a Dwelling Unit on any homesite within 20 feet of the front line of such homesite, within 8 feet of the side lines of such homesite and within 20 feet of the rear line or as

otherwise shown on the Plat. Notwithstanding any of the foregoing provisions, in the application of setbacks, the Committee shall have complete authority to determine the appropriate building site and location for the Dwelling Unit on each and every Homesite.

Anything herein to the contrary notwithstanding, the Committee, when agreed to by the Board, or Declarant unilaterally, may vary the building setback lines recited herein, so long as such variance does not cause the revised setback requirement to be less than that set by the Town of Manteo at that time. Any such variance shall be evidenced by a certificate of variance or compliance signed by two (2) of the officers of the granting entity, in recordable form and filed in the Office of the Register of Deeds of Dare County.

3.5. Aesthetics Review Committee.

(a) Membership. The Committee shall be composed of three (3) persons (who need not be Members of the Association) appointed by the Board who shall serve until death, resignation, or removal by the Board. The Board shall have full authority to designate a successor.

A majority of the Committee may designate a representative to act for it. 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.

(b) Procedure. Prior to the commencement of any construction the Plans shall be submitted to the Committee. In addition, at that time the Owner shall also provide to the Committee a completed Residential Building Application and a Contractor/Builder Registration Form. The Owner shall include with the name of the contractor a statement as to the classification of contractor's license held by such contractor, the address and telephone number of the contractor, the names and telephone numbers of two (2) owners of comparable properties previously constructed by such contractor, and a minimum of two financial references for the contractor.

Approval shall be subject to such architectural guidelines as may from time to time be promulgated by the Committee. (A copy of the initial Aesthetics Guidelines are attached to this Declaration as Exhibit C.) Within sixty (60) days after receipt of the Plans and all other required information, the Committee shall notify the Owner of the Homesite or Dwelling Unit in writing as to whether the Plans and the contractor have been approved. Unless a response is given by the Committee within sixty (60) days after all required information has been received, the Plans and/or contractor shall be deemed approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the sixty (60) days time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Homesite or Dwelling Unit and the conditions imposed shall become fully a part of the approved Plans.

In addition to Plan approval, the Committee shall have the right to approve the contractor selected by the Owner of each Homesite or Dwelling Unit. A contractor shall be approved if the contractor has an appropriate North Carolina general contractor's license in good standing, meets the Committee's current standards for builders, is in good financial standing, has a good reputation in the local community and has constructed, to the satisfaction of the Committee, comparable structures on a regular and routine basis. In addition, prior to any ground disturbing activities commencing on any Homesite for construction of an approved Dwelling Unit thereon, the Committee, on behalf of the Association will collect from the Owner or Contractor, a Five Hundred Dollar (\$500.00) Infrastructure Protection Fee, such fees to be pooled, held in a proper escrow account, and used by the Association, in its unilateral discretion, to replace or repair damage done to any Peninsula improvement or infrastructure during construction of the Dwelling Unit, or for any other purpose whatsoever related to residential construction impact on, or for the general benefit of the community. The Infrastructure Protection Fee shall neither be a waiver of nor a limitation on liability for acts which damage Association property.

The Committee may also from time to time and in addition to the Infrastructure Protection Fee, at its sole discretion, require of any contractor a cash or insurance performance bond to guarantee final site clean up and/or extraordinary road repairs necessitated by the actions of the contractor and his workers and subcontractors during the construction of any improvements on the Properties.

Any Owner of any Homesite or Dwelling Unit disagreeing with the finding of the Committee regarding the owner's application for approval may appeal the decision to the Board by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of a decision. The Board shall then review the Plans, giving the Chairman of the Committee the opportunity to present to the Board specific reasons why the action was taken, in the presence of the Owner of the Homesite or Dwelling Unit or his agent, and the Owner of the Homesite or Dwelling Unit or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by unanimous vote of the Board that the Owner agrees shall be a final and non-reviewable determination.

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The initial processing fee will be Two Hundred Fifty Dollars (\$250.00) and the Board of Directors may revise the fee amount from time to time. The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual assessment enforceable against the Owner of the Homesite or Dwelling Unit as provided hereinabove. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Homesite or Dwelling Unit.

3.6. Waiver of Certain Fees. Pre-Approved Preferred Contractor. Declarant, Association and Committee have pre-approved Quinn Construction Company as an acceptable Contractor for constructing any improvements to Homesites or Dwelling Units in The Peninsula. Those Owners choosing to use Quinn Construction Company for the construction of any improvements to

Homesites or Dwelling Units shall not be required to pay the fees outlined in paragraphs 3.5 (b).

3.7. Notices. All notices required to be given in this Article shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to Federal Express or United Parcel Service), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. One set of Plans denoted as approved (or approved with specified conditions) shall be retained by the Committee and the other two shall be returned to the applicant.

3.8. Application of the Article. This Article Three shall apply to any additions to the existing Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.

3.9. Uses and Purposes. Except for Declarant's rights as set forth herein, all Homesites and Dwelling Units shall be, and the same hereby are, restricted to single-family residential use and no building of any type shall be erected, altered, placed or permitted to remain on any Homesite other than one single-family Dwelling Unit which shall comply with any applicable zoning regulations and the Aesthetics Guidelines herein or attached hereto. No commercial activities shall be carried on on any Homesite or in any Dwelling Unit. Notwithstanding the foregoing, the provisions of this Section shall not apply to any signs maintained on the Property by Declarant, its agents, representatives or assigns, during the period that Declarant has any Homesite or Dwelling Unit for sale. For purposes of this Section, rental of a Dwelling Unit shall not be considered a commercial activity.

3.10. Business Activities and Signs. No signs of any kind shall be displayed to the public view on the Property or any Homesite or Dwelling Unit except one "For Sale" or "For Rent" sign of not more than two (2) square feet. Notwithstanding the foregoing, the provisions of this Section shall not apply to any signs maintained on the Property by Declarant, its agents, representatives or assigns, during the period that Declarant has any Homesite or Dwelling Unit for sale.

3.11. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Homesite or within any Dwelling Unit, except that dogs, cats and other household pets may be kept, provided they are not kept, bred or maintained for any commercial purpose. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Common Properties or Limited Common Properties. Pets shall be under leash when walked or exercised in any portion of the Common Properties. No pets shall be permitted to leave its droppings on any portion of the Common Properties or Limited Common Properties and the Owner of such pet shall immediately remove the droppings.

3.12. Motor Vehicle, Trailers, Boats, Etc. Automobiles shall be operated in accordance with all applicable laws and ordinances and shall be parked only upon the Homesite of the Owner to whom those automobiles apply. No boats or trailers of any Owner or member of his family, his tenants, guest or contract purchasers shall be parked within the right-of-way of any street within the Peninsula.

3.13. Nuisances. No rubbish or debris of any kind shall be dumped, piled, or permitted to accumulate upon any portion of the Property, including the marina waters, except in areas and/or containers specifically designated for such purpose, nor shall any odors be permitted so as to render any portion of the Property unsanitary, unsightly, offensive or detrimental to persons using or occupying other portions of the Property. The Declarant or Board of Director is permitted to fine Owners for the litter of the Owner, lessees, guests, agents or invitees. Said fine shall constitute an Assessment and shall be enforceable in accordance with other sections herein pertaining to Assessments. No nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to persons using or occupying other portions of the Property. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horn, whistles, bells or other sound devices, except for boating safety or security devices used exclusively for boating safety or security purposes, shall be located, used or placed on the Property or any Homesite or Dwelling Unit.

3.14. Prohibited Activities. Noxious or offensive activities shall not be carried on in any Homesite or in any part of the Property. Each Owner and Occupant shall refrain from any act or use of the Property which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the other Owners and Occupants, or which could result in the cancellation of insurance on any portion of the Properties, or which would be in violation of any law or governmental code or regulation. The assembly and disassembly of boats, motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the Property or Homesite except a permitted by the Declarant or Association. Junk and derelict vehicles are not permitted on any Homesite or on the Property.

3.15. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Property, any Homesite or Dwelling Unit shall be observed and are hereby incorporated by reference herein as if set forth word for word. All Owners shall acknowledge, adhere to, and comply with any and all such governmental regulations, including the provisions of the Coastal Area Management Act and the regulations of the Division of Environmental Management, as well as all Coast Guard and other Federal and/or State boating and water safety regulations. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provisions of this Declaration, the more restrictive provisions shall apply.

3.16. Landscaping to be Maintained. Owners shall be responsible to prevent unclean, unsightly or unkempt conditions of buildings and grounds on their Homesites. Owners shall maintain all blade-length of lawns at no more that four (4) inches in height.

ARTICLE FOUR
MAINTENANCE AND REPAIR

4.1. Association. The Association shall maintain, repair and replace all portions of the Common Properties, except as may be herein otherwise specifically provided. This responsibility shall also include all Limited Common Properties appurtenant to any Homesites. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the

Association to take some action or perform some function required to be taken or performed by the Association under the Act or this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, order or directive of any municipal or other governmental authority.

4.2. Owner. Each Owner shall maintain, repair and replace all portions of his Homesite and/or Dwelling Unit, except those portions, if any, which are to be maintained, repaired or replaced by the Association. The Owner shall maintain, repair and replace all fixtures, equipment and appliances installed on his Homesite and/or Dwelling Unit. Each Owner shall perform his responsibilities in such a manner so as not to unreasonably disturb other persons on other Homesites. Each Owner shall promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible. The Association shall have the right, but not the obligation, to make any repair or replacement or to do any cleaning or maintenance which is the responsibility of the Owner if the Owner fails or refuses to do so, and in such event the Owner shall be obligated to pay for the cost incurred by the Association for such work. The Board shall have the sole right by majority vote to determine when any such repairs or replacements are made. The sums spent by the Association pursuant to this authority shall be conclusive upon the Owner(s) to be assessed. Each Owner shall also be obligated to pay for the cost of repairing, replacing, or cleaning any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of such Owner or any of his family, guests, invitees, agents or pets. The cost of any such repair, replacement, maintenance or cleaning shall be added to and become part of the Assessment or portion thereof next coming due to which the Owner is subject and shall constitute a lien against the Homesite or Dwelling Unit in like manner as other Assessments. Each Owner shall: (i) keep the Homesite and/or Dwelling Unit, its appurtenant Limited Common Properties, and any boat moored to the docks in a clean, orderly and safe condition and appearance at the Owner's expense; and (ii) not paint or otherwise alter the appearance of the Homesite and/or Dwelling Unit or its appurtenant Limited Common Properties without the Association's prior written consent.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

5.1. Membership. Every person or entity, except the Declarant, who is a record Owner of a fee simple interest in any Homesite and/or Dwelling Unit described in Exhibit A is subject, by this Declaration, to assessment by the Association; and every person or entity, including the Declarant, who is a record Owner of a fee simple interest in any Homesite and/or Dwelling Unit shall be a Member of the Association; provided, however, that any such person or entity holding such interest merely as a security for the performance of an obligation shall not be a Member. Any Homesites and/or Dwelling Units still owned by the Declarant, and theretofore not conveyed by it, after five years from the date of this Declaration shall be subject to assessment.

5.2. Voting Rights. There shall be one vote for each Homesite and/or Dwelling Unit. When more than one person or entity holds an interest in any Homesite and/or Dwelling Unit, all such persons shall be Members, and the vote for such Homesite and/or Dwelling Unit shall be exercised

as they among themselves determine and such persons shall designate one (1) person to vote for their Homesite and/or Dwelling Unit, but in no event shall more than one (1) vote be cast with respect to any such Homesite and/or Dwelling Unit. If the owners cannot agree, then the first persons (present at the meeting) named as Grantee in their deed shall cast the vote.

ARTICLE SIX
MEMBERS' PROPERTY RIGHTS IN THE COMMON PROPERTIES

6.1. Members' Easements of Enjoyment. Subject to the provisions of paragraph 6.3, 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 Homesite.

6.2. Title to Common Properties. Prior to the date of any transfer by the Association of the streets and roads to the appropriate government agency or authority, said streets and roads shall be Common Properties and the expense of maintenance shall be borne by the Association.

6.3. Extent of Members' Easements. Except as limited above, the Association may dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility for such purposes, provided that no such dedication or transfer, or 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 or Regular Meeting of the Members called in accordance with the Bylaws consent to and approve of such dedication, transfer, purpose or condition. Consents in writing presented at such meeting shall constitute votes of Members. If so agreed to and approved by the Members, such dedication and transfer, specifying the purpose(s) and conditions(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.

6.4. Riparian Rights. The riparian rights of each Owner shall include: (1) the right to wharf out and to moor a boat so long as the same stays within an area defined Article 6.4 second paragraph; (2) the right of access to the navigable waters of Shallowbag Bay; and (3) the right to exclude all others from his mooring space, except as may be limited herein. The riparian rights set forth as follows shall be the right and responsibility of the Declarant or the Association, as the case may be, and not of the individual Owners: (1) the right to fill, to wharf and to dredge or excavate for the purposes of gaining access to and maintaining channel depth to the navigable waters of Shallowbag Bay; (2) the right to retain or dispose of spoils or other materials resulting from dredging or other excavation activities; (3) the right to seek and secure all necessary permits for construction, repair, and maintenance of other bulkheads, over-water walkways, the boat launch and Pump Station, if any, and related activities. These riparian rights may be subject to the right of the sovereign to regulate commerce on navigable waterways and to require permits and licenses within the authority and jurisdiction of certain governmental agencies. If any of the Marina Waters or Submerged Lands shall hereafter be deemed to be within the public trust and domain, there exists the right in the sovereign (whether the federal government or the State of North Carolina) to limit or prohibit the use of riparian rights without paying just compensation and neither Declarant nor the Association shall bear any responsibility for any losses occasioned by such governmental action.

No Owner or other person shall create wakes, intentionally or otherwise, on any waters within the Properties. All such waters shall be used in accordance with all applicable safety and environmental rules, regulations, ordinances or laws. Water-skiing, knee-boarding, wake-boarding, wake-surfing, and the like, and jet-skiing (except for slow, non-wake producing travel on the waters) are not permitted. Owners shall be responsible for the actions of their guests, agents and invitees.

6.4.1 Slip Boundaries. Declarant reserves the right to construct a boardwalk, gazebos and finger piers over portions of Homesites and the waters of the existing canal. If said boardwalk and/or finger piers are constructed, then each Homesite and/or Dwelling Unit shall have the right to wharf out and to moor a boat within the following boundaries: the vertical boundaries of each such space are created by the intersections of the vertical planes which, (1) pass along the outermost surfaces of the docks, piers, pilings, walkways and boardwalks on the landward side of the space, and (2) the extension of the Homesite's side lot lines to the dock, piers, pilings, walkways and boardwalks and then at right angles thereafter, and (3) lie twenty (20) feet waterward of and parallel to the first boundary or a width as approved by State and local regulations whichever is less.

If said boardwalk and/or finger piers are not constructed or if an Owner wishes to moor a boat before the boardwalk and/or finger piers are constructed, then Owner shall moor the boat(s) shall have the right to wharf out and to moor a boat within the following boundaries: the vertical boundaries of each such space are created by the intersections of the vertical planes which (1) pass along the outermost surfaces of the shores of the canal on the landward side of the space, and (2) the extension of the Homesite's side lot lines to the waters of the existing canal and then at right angles thereafter, and (3) lie twenty (20) feet waterward of and parallel to the first boundary or a width as approved by State and local regulations whichever is less.

Owners shall not be entitled to sell, lease or otherwise dispose of any Slip constructed by Declarant or Association. Owners shall not be entitled to sell, lease or otherwise dispose of any area to wharf out or moor a vessel.

6.4.2. Covenants Regarding Boats and Slip Matters. In accordance with Article Twelve, Amendment to Declaration, Declarant shall have right to amend these covenants to include additional or amended provisions regarding any matter including, but not limited to, the use of the existing canal, the construction of a boardwalk and the mooring of boats to the same. No Owner shall have the right to sell, lease or otherwise transfer or assign his rights to his boat mooring area.

6.5. Garbage Collection. The Town of Manteo currently provides trash and garbage collection and pickup. Owners may need to transport their trash and garbage to a dumpster which will then be emptied by the Town of Manteo. In the event "door-to-door" pickup is provided to individual Owners, any such "door-to-door" pickup will be provided by the Association or the Town of Manteo and not by the Declarant, unless otherwise agreed.

ARTICLE SEVEN
DECLARANT'S PROPERTY RIGHTS IN THE COMMON PROPERTIES

7.1. Reservation of Easements. The Declarant hereby reserves for its benefit, its agents, lessees, employees, successors and assigns any and all easements and accesses necessary over and through the Property and any adjoining lands for the building, developing, completion and operation of The Peninsula, according to its Master Plan, which may be amended at its sole option. Said easements may include, but need not be limited to, the following:

7.1.1. Sales Offices, Management Offices and Model Dwelling Units.

Notwithstanding any provisions contained in this Declaration to the contrary, during the period of the sale of the Homesites it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns and representatives, to maintain and carry on, upon such portion of the Properties as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion and sale of the Homesites, including, but without limitation, business offices, signs, model Dwelling Units, sales offices and management offices. The right to maintain and carry on such facilities and activities shall include specifically the right to use any Homesites owned by Declarant for the construction of a model Dwelling Unit. Furthermore, Declarant is expressly permitted to use any portion of the Common Properties in its efforts to complete the sale of the Homesites and Declarant shall be permitted to remove all personal property and fixtures therefrom. Declarant, its contractors, agents, employees, assigns and representatives may erect and maintain on its Homesites or the Common Properties such advertising signs as Declarant deems appropriate in its sole discretion and so long as the same comply with all applicable governmental regulations or ordinances pertaining thereto.

ARTICLE EIGHT
COVENANT FOR PAYMENT OF ASSESSMENTS

8.1. Creation of the Lien and Personal Obligation for Assessments. For purposes of this Article regarding Assessments, except where Dwelling Units are specifically stated, the word "Homesite(s)" or other derivations of that word shall mean and include Dwelling Units also. Each Owner of any Homesite and/or Dwelling Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, does hereby covenant and agree to all the covenants and restrictions of this Declaration and further promises to pay to the Association: (1) annual assessments or charges as herein or in the Bylaws 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 Bylaws provided; and (3) any liquidated damages or summary charges imposed under authority contained in the Bylaws or these Covenants, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of these Covenants or the Aesthetic Guidelines, collection of assessments (both annual and special) or collection of damages or charges. The annual and special assessments and any liquidated damages or summary charges, 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 Homesite and/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(s), jointly and severally, who is (are)

the Owner(s) of such Homesite at the time when the Assessment became due

NOTWITHSTANDING the foregoing, Homesites and/or Dwelling Units continuously owned by the Declarant shall not be subject to assessments or charges during the first five years from the date of this Declaration.

8.2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, security, safety and welfare of the Members and, in particular, for:

(a) the improvements, maintenance, and replacement of The Common Properties;

(b) establishment of capital replacement reserves; and

(c) for the acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Common Properties, including but not limited 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, and such other requirements as may be necessary to perform all of the aforesaid functions and purposes.

8.3. Assessment of Uniform Rates. Both annual and special assessments shall be fixed at uniform rates for every Homesite and/or Dwelling Unit.

8.4. Application of Minimum and Maximum Assessment. The minimum regular annual assessment, as set forth in the schedule hereinbelow, 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.

Until the end of calendar year 2000, the prorata regular annual assessment minimum and maximum amount shall be the sums calculated in accordance with the following schedule:

Homesite Maximum Regular Annual Assessments = ~~\$500.00~~ ^{\$900.00}, and
Dwelling Unit Maximum Regular Annual Assessment = ~~\$500.00~~ ^{\$900.00}

For calendar years after 2000 the maximum regular annual assessment shall be set by the Board of Directors from year to year based on the cost to the Association, experienced or reasonably anticipated, of carrying out the purposes and functions set forth in Section 2 of this Article.

After consideration of current costs and future needs of the Association, the Board of Directors may, by unanimous decision, fix the annual regular assessment for any year at an amount less than the applicable minimum regular annual assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full regular minimum assessment in subsequent years.

8.5. Date of Commencement of Annual Assessments; Due Dates. The first annual assessments provided for in Section 4 of this article shall commence on January 1, 1999, and such assessment shall constitute the first regular annual assessment which shall be for the balance of the calendar year and shall become due and payable on the first day of the next succeeding month, after notices as to the amount of the regular annual assessment due from any Owner is mailed by postage-paid, first class mail from the Board.

8.6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Assessment or assessments against each Homesite and/or Dwelling Unit 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 Homesites and/or Dwelling Units 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.

The Association shall furnish to any Owner liable for said assessment or assessments, a certificate in writing, signed by an officer of the Association, setting forth whether said assessment(s) has been paid.

8.7. 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. Furthermore, the assessments thereupon become a continuing lien on the Homesite and/or Dwelling Unit and shall bind such Homesite or Dwelling Unit in ownership by the then-Owner, and all his heirs, devisees, personal representatives, successors and assigns, and any other successors in title. The lien shall be enforceable against the Homesite and/or Dwelling Unit by whomsoever owned; however, the personal obligation of the then-Owner to pay such assessment 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 or assessments shall bear interest from the date of delinquency at the rate of interest set by the Board which shall be no less than 8%, no more than 18%, per annum, but shall in no case exceed the maximum rate permitted by law. The Association may authorize appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Homesite and/or Dwelling Unit and there shall be added to the amount of such assessments, the costs of such action and reasonable attorney's fees or other costs 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 costs of the action.

8.8. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be absolutely subordinated to the lien of any first mortgage or deed of trust now or hereafter placed upon any Homesite and/or Dwelling Unit subject to assessment. The subordination shall not relieve any Homesite and/or Dwelling Unit 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, irrespective of when such first mortgage or deed of trust was executed and recorded.

8.9. Exempt Property. All common properties subject to this Declaration shall be exempted from the assessments, charges and liens created herein.

Notwithstanding any provisions of this Section, no Homesites and/or Dwelling Units except those owned by the Developer as set out herein, shall be exempt from said assessments, charges or liens.

ARTICLE NINE DECLARANT'S FUTURE DEVELOPMENT RIGHTS

9.1 The Declarant hereby reserves for its benefit, its agents, lessees, employees, successors and assigns any and all easements and accesses necessary over and through the Properties and any adjoining lands for the building, developing, completion and operation of The Peninsula, including amenities, if any, according to the Declarant's Master Plan, which may be amended at its sole option. The Declarant hereby reserves for its benefit the right to develop and improve land and properties in the Town of Manteo in its sole discretion, shall deem proper. The Declarant reserves for its benefit the right to create additional planned communities in The Peninsula and to add such to the area governed by the The Peninsula Owners Association, Inc. or any other association to which the additional regimes may apply or be subject. The plan of the Declarant is to build and develop approximately thirty-four (34) residential Homesites, but no assurances are given that any or all of such Homesites shall be constructed or developed. To the extent any such Homesites and/or Dwelling Units are completed or developed, the owners will be subject to membership in any applicable owners' association created by Declarant and the owners of any Homesites and/or Dwelling Units so added will be obligated to pay their prorata share of the common expenses of said Association.

ARTICLE TEN EASEMENTS

In addition to any easements created on any plats or maps recorded of the The Peninsula, the easements described in this Article from each Owner to each other Owner, to the Association, and to the Declarant are hereby granted, reserved and established, subject to and in accordance with the following terms and conditions:

10.1. Use and Enjoyment. Every Owner shall have a right and easement of use and enjoyment in and to the Common Properties (including the right to access, ingress and egress to and from his Slip over those portions of the Common Properties designated for such purpose), and such easement shall be appurtenant to and shall pass with the title to every Homesite, subject to the following provisions and limitations:

10.1.1. The right of the Association to control the use and enjoyment thereof as provided by the terms of this Declaration, which shall include, but not be limited to, the right of the Association to limit the use and enjoyment thereof to the Owners and their respective Occupants (which shall hereafter include, but not necessarily be limited to his, guests and invitees), as well as to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner and his Occupants.

10.1.2. The right of the Association to limit the number of guests of Owners.

10.1.3. The right of Owners to the exclusive use of the Limited Common Properties appurtenant to their respective Homesites.

10.1.4. The right of the Association to suspend the (1) Vote and (2) right to use any facilities of the Community by the Owner and his Occupants and Common Areas appurtenant thereto for any period of time during which an Assessment against his Homesite and/or Dwelling Unit remains unpaid or, for a reasonable time, for infractions of any provisions of the Community Documents or rules and regulations duly promulgated by the Association.

10.2. Structural Support. Although there may be no or few instances of this nature, every portion of a Homesite and/or Dwelling Unit or the Common Properties which contributes to the structural support of another Homesite and/or Dwelling Unit or the Common Properties shall be burdened with an easement of structural support. No Owner shall be permitted to demolish his Dwelling Unit except to the extent that such demolition may be required to repair or rebuild the same when it has been partially or totally destroyed.

10.3. Utilities. To the extent that any utility line, pipe, wire or conduit serving any Homesite and/or Dwelling Unit or the Common Properties shall lie wholly or partially within the boundaries of another Homesite or the Common Properties, such other Homesite or the Common Properties shall be burdened with an easement for the use, maintenance, repair and replacement of such utility line, pipe, wire or conduit, such easement to be in favor of the Homesite and/or Dwelling Unit or Common Properties served by the same and the Association.

10.3.1. Declarant reserves the right to subject the real property described hereinabove to a contract with a public utility for the installation of underground electric cables and the installation of lighting, either or both of which may require continuous monthly charges to an Owner. Upon acceptance of a deed to a Homesite and/or Dwelling Unit, each Owner agrees to pay to the public utility, the Declarant or the Association as allowed and in accordance with applicable North Carolina law, the continuing monthly payment therefor. Declarant reserves the right to contract on behalf of each Owner with a

public utility for street lighting and related services. Upon acceptance of a deed to a Homesite and/or Dwelling Unit, each Owner agrees to pay to the public utility, the Declarant or the Association as allowed and in accordance with applicable North Carolina law, the continuing monthly payment therefor.

10.3.2. Declarant, for itself and for any successors or assigns, further reserves the right to connect to each Homesite and/or Dwelling Unit water and sewer service which may require a continuous monthly charge(s) to the Owner thereof. Upon acceptance of a deed to a Homesite and/or Dwelling Unit each Owner agrees to pay any such continuing monthly charge(s).

10.3.3. An easement is hereby reserved for the benefit of the Town of Manteo which may provide utility services, over all Common Properties and Limited Common Properties hereby or hereafter established for the settling, removal, and reading of water meters, the maintenance and replacement of water, sewer and drainage facilities and the collection of garbage.

10.3.4. An easement is hereby reserved for the benefit of the Declarant or The Peninsula Owners Association, Inc. for the construction, use, maintenance, repair and replacement of a marina-style bilge/sewage Pump Station in the area shown as "Common Area Launch" on that map or plat entitled, "Final Subdivision Plat -- Peninsula Subdivision P.U.D." dated June 10, 1998, and prepared by Albemarle Engineering, Inc. recorded in Map Book E, Slides 29 and 30, Dare County Registry. Upon acceptance of a deed to a Homesite and/or Dwelling Unit, each Owner agrees to pay to The Peninsula Owners Association, Inc. or the Declarant, as applicable, all fees and assessments necessary for the proper installation, repair and maintenance of the Pump Station as determined by the Board or Declarant.

10.4. Encroachments. If any portion of the Common Properties encroaches upon any Homesite and/or Dwelling Unit, as a result of the construction, reconstruction, repair, renovation, restoration, shifting, settlement or movement of any portion of the Condominium, an easement for the encroachment and for the maintenance, repair and replacement thereof shall exist so long as the encroachment exists. In the event that any portion of the Common Properties shall be partially or totally damaged or destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then be repaired or reconstructed, encroachments of portions of the Common Properties upon any Homesite, due to such repair or reconstruction, shall be permitted, and easements for such encroachments and the maintenance, repair and replacement thereof shall exist. This easement is intended to apply to only the extent necessary and is not intended to deprive an Owner of a substantial property right or use.

10.5. Maintenance and Repair. There shall be an easement in favor of the Declarant, the Association and the Owners through the Homesite and/or Dwelling Unit and the Common Properties as may be reasonably necessary for the installation, maintenance, repair and replacement of Homesite and/or Dwelling Unit and the Common Properties. Use of this easement shall be only upon prior notice during normal business hours, except that access may be had at any time in case of emergency.

10.6. Rights of Association. There shall be a general easement to the Association, its Directors, Officers, contractors, agents and employees (including, but not limited to any manager employed by the Association) to enter upon The Property or any portion thereof and to enter or gain access through a Homesite and/or the Common Properties as may be reasonably necessary for the installation, maintenance, repair and replacement thereof, for making emergency repairs and for other work for the proper maintenance and operation of the Community and for the performance of their respective duties. Each Owner shall afford to other Owners and to the Association, their respective contractors, agents, representatives and employees, such access through such Owner's Homesite as may be reasonably necessary to enable them to perform such work and to exercise and discharge their respective powers and responsibilities. Except in the event of emergencies, however, such easements are to be exercised only during normal business hours and upon advance notice to and with the permission of the Owner or Occupant of a Homesite directly affected thereby. The Association shall have the power to grant and accept permits, licenses and easements on, over, across and through the Common Properties for the installation, maintenance, repair and replacement of utilities, walkways and for other purposes reasonably necessary or useful for the proper maintenance or operation of the Community.

10.7. Rights of Declarant. So long as Declarant owns any Homesite and/or Dwelling Unit primarily for the purpose of sale, Declarant and its duly authorized contractors, representatives, agents, and employees shall have a transferable easement for the maintenance of signs and promotional facilities on The Property, together with such other facilities as in the opinion of the Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development or sale of a Homesite and/or Dwelling Unit on The Property. The Declarant may use any unsold Homesite and/or Dwelling Unit as a model. The size and location of the Homesites are shown on the Plat and Plans. During the period that Declarant owns any Homesite and/or Dwelling Unit, Declarant, its duly authorized contractors, representatives, agents and employees, shall have a transferable easement, on, over, through, under and across the Common Properties for the purpose of making improvements on The Property and for the purpose of doing all things reasonably necessary and proper in connection therewith.

10.7.1. Construction of Boardwalk. Declarant shall retain an easement across each and every lot and all Common Properties for the purposes of constructing, maintaining and repairing boardwalks, walkways, gazebos and finger piers.

10.8. Easements. There is hereby created a blanket easement upon, across, over and under all of The Property subject to this Declaration for ingress and egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to water, sewer, gas, drainage, telephones, cablevision and electricity. This blanket easement is expressly in favor of, but not limited to, the Declarant and The Peninsula Owners Association, Inc., its directors, officers, or agents. By virtue of this easement, it shall be expressly permissible for the electrical and/or telephone company providing service to erect and maintain underground and other equipment on said property, and to affix and maintain electrical and/or telephone wires, circuits, and conduits on, above, across and under the Common Properties. An easement is further granted to all law enforcement, fire protection personnel, garbage collectors, ambulance, rescue personnel and like persons to enter upon the walkways and Common Properties in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any

management company selected by the Association to enter in or to cross over the Common Properties provided for herein. Notwithstanding anything to the contrary contained in this paragraph, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said property except as initially approved by the Declarant or thereafter approved by the Declarant or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document(s), Declarant or the Association shall have the right and authority to grant such easement. The easement provided for in this Section shall in no way abrogate other recorded easements on said premises. Declarant or Association may, from time to time, issue stickers or other forms of identification for owners within the Peninsula.

Easements are hereby reserved over and through The Property for the use, benefit and enjoyment of the Declarant, its agents, employees, successors and assigns for the installation and maintenance of docks, piers, Homesites, Dwelling Units, roads, streets and parking areas, if any, and for cable television services, sewage utility services, and such other reasonable services that the Declarant may, in its sole discretion, provide to the Community. Easements are hereby granted over and through The Property for the use, benefit and enjoyment of The Peninsula Owners Association, Inc., its agents, employees, successors and assigns for the installation and maintenance of any docks, piers, Homesites, Dwelling Unit, roads, streets, parking areas, if any, and such other properties or improvements in and adjacent to The Property owned by or entrusted to The Peninsula Owners Association, Inc. Said easement in favor of the Association shall include the rights of access, ingress and egress to fulfill its obligations under the Bylaws of said Association and all applicable Declarations and to enforce said Bylaws and Declarations against all Owners. Easements of access, ingress and egress are hereby granted to Dare County and/or the Town of Manteo over and through The Property as are reasonably necessary for the fulfilling of its obligations and purposes as a governmental body and for the providing of its services and utilities to The Property. Any easements and accesses herein granted or reserved by this and the preceding paragraph shall not obligate the person, corporation, municipality or other entity in whose favor the easement has been granted or reserved to provide the services or improvements for which the easements have been created, unless, in each instance, they are otherwise obligated to provide such service or improvement.

10.8.1. The following additional easements have been granted:

- a. Utility easements for existing utilities (the same are not recorded easements) and as may arise by implication;
- b. North Carolina Power recorded in Book 1181, Page 648, Dare County Registry; and;
- c. Town of Manteo by virtue of an Annexation and Utilities Agreement recorded in Book 1149, Page 547, Dare County Registry.

10.8.2. In no case shall the Town of Manteo be responsible for failing to provide any emergency or regular fire, sheriff or other public service to the Condominium Units or their Occupants when such failure is due to the lack of access to such areas due to blocking

of access routes, or any other factor within the control of the Declarant, the Association, Owners, or Occupants of a Homesite and/or Dwelling Unit. Each owner accepts the access to his Homesite and/or Dwelling Unit or other Common Properties as is and for itself, its agents, assigns, successors and guests, does forever hold harmless and indemnify the Declarant and Association from any and all loss or damage which Owner, its agents, assigns, successors and guests may suffer as a result of personal injury, monetary liability, claims, demands, costs or judgments against it arising out of, in whole or part, any alleged inadequacy of vehicular and pedestrian access in and around The Property.

10.9. Peninsula Waterways and Basin. No boat, vessel or other water-going craft shall be docked or moored in the waterways and canals in The Peninsula, including the existing canals, so as to block or hinder the reasonable access, ingress and egress of others.

10.10. Withdrawal of Dedicated Roads. The Declarant or Association may withdraw any road from dedication (if any such roads exist in or on the Property) in accordance with North Carolina law.

10.11. Boat Ramp/Launch. Every Owner shall have the right to use the boat ramp between Lots 32 and 33 for purposes of launching and retrieving boats and other vessels. Owner shall not leave a vehicle, trailer or other obstruction at the boat ramp. All vehicles and trailers shall be stored, even for day-trips, on the Homesite or lot of Owner. Owners with outstanding indebtedness to the Association are not entitled to use said ramp.

ARTICLE ELEVEN EXTERIOR MAINTENANCE AND INSURANCE

11.1. Exterior Maintenance. Homesites and structures. In addition to maintenance on the Common Properties, and after thirty (30) days' written notice to any Owner which notice shall specify the required maintenance, the Association shall have the right, **but not the obligation**, to provide maintenance upon any Homesite and/or Dwelling Unit which is subject to assessment. Such maintenance may include paint, repair, replacement and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, and exterior improvements on any structure located on a Homesite. Such maintenance as to a vacant Homesite may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter. Any maintenance on any Homesite and/or Dwelling Unit is subject to assessment as provided in Article 11.2 herein and/or in Article Eight of this Declaration.

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

11.3. Insurance on Dwelling Units. Each Owner of a Homesite on which a structure is built, by acceptance of a deed therefor, 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 structure insured against loss by fire or other casualty, with extended coverage insurance, in an amount equal to at least 100% of the replacement value of such structure.

(b) To build, restore, or remove such structure in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration, repair or removal of such structure; and

(c) To keep the structure in good repair as required by this Declaration or by the Bylaws.

11.4. Liability Insurance.

(a) At all times the Owner shall keep in force at Owner's expense public liability insurance with companies licensed to do business in North Carolina and naming as Insureds both Owner and Association, with minimum limits of \$1,000,000.00 combined single limits and annual aggregate on account of bodily injuries to or death of one or more persons as the result of any one accident or disaster, and \$100,000.00 on account of damage to property.

(b) The policy limits may be decreased by action of the Board of Directors.

(c) The Owner shall furnish copies to Association within thirty (30) days of taking ownership of a Homesite and/or Dwelling Unit of policies or certificates of insurance evidencing coverage required by this Section. All policies required hereunder shall contain an endorsement providing that the insurer will not cancel or materially change the coverage of such policies without first giving ten (10) days' prior written notice thereof to the Board of Directors.

ARTICLE TWELVE
AMENDMENT TO DECLARATION

12.1. Declarant rights.

(a) Addition of lands. The Declarant reserves the right to add additional lands to the terms and conditions of this Declaration.

(b) Changes to Declaration. The Declarant reserves the right to make changes in this Declaration until 1 January 2001 in order to address any particular needs or clarifications which may not be known until after the registration hereof; however, the Declarant shall have no rights to amend voting rights or powers and duties of the Association.

12.2. Association Rights. 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 twenty (20) days nor later than sixty (60) days from receipt by the President 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 thirty (30) 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 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 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 Homesite or Dwelling Unit in The Properties, written consent must be obtained from the then existing (as of the date of the mailing of notice) holders of First Lien Mortgages or Deeds of Trust encumbering fifty-one percent (51%) of the Homesites and/or 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 Homesites and/or 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 THIRTEEN
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 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.

ARTICLE FOURTEEN
STORMWATER MANAGEMENT

14.1. Impervious Surfaces. In accordance with certain requirements of the State of North Carolina, each lot is limited to a maximum Allowable Impervious Coverage as set forth in Exhibit D attached hereto and incorporated herein by reference. Not more than the square feet of Allowable Impervious Coverage (as expressed in Exhibit D) of any lot, including that portion of the right-of-way between the edge of pavement and the front line, shall be covered by impervious structures, including asphalt, gravel, concrete, brick, stone, slate or similar material, but not including wood decking or the water surface of swimming pools. This covenant is intended to ensure continued compliance with the stormwater permit issued by the State of North Carolina and may not be changed or deleted without the consent of the State of North Carolina.

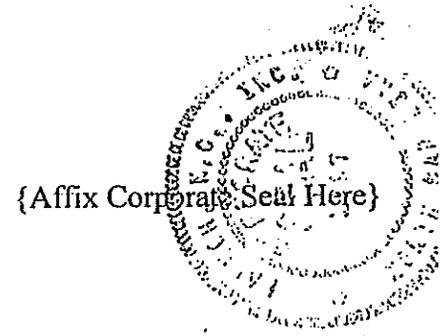
14.2. No one may fill in or pipe any roadside or lot line swale, except as necessary to provide a minimum driveway crossing. If curb and guttering is added to the Property, no one may pipe, fill in, or alter any lot line swale used to meet North Carolina Stormwater Management Permit requirement.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal pursuant to due authority as of the day and year first above written.

LAUNCH N.C., INC.,
a North Carolina Corporation

By: [Signature] (SEAL)
Jim Jackson, President

Attest: [Signature] (SEAL)
GAIL T. JACKSON, SECRETARY

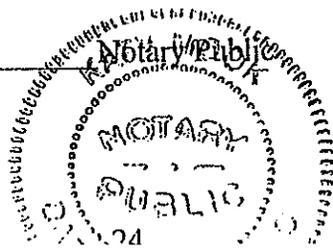


NORTH CAROLINA
DARE COUNTY

I, a Notary Public of the aforesaid State and County, do hereby certify that Gail Jackson personally came before me this day and acknowledged that she is Secretary of Launch N.C., Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by Gail Jackson as its Secretary.

Witness my hand and official stamp or seal, this 2nd day of July, 1998.

[Signature]



My Commission Expires:
June 8, 2003

Book

Page

1194

0246

NORTH CAROLINA, DARE COUNTY

The foregoing certificate(s) of Katy Mooka Notary Public of Dare ^{Co: NC} is/are 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 for Dare County

By Vanessa M. Walcott Assistant Register of Deeds

PLANNED UNIT DEVELOPMENT

BEGINNING at a concrete monument located in the North margin or right-of-way of Russell Twiford Road, said iron rebar also lying in and marking the southeast corner of the lands now or formerly belonging to College Trustees of College of the Albemarle as described in Deed Book 1028, Page 892, Dare County Registry, said point of beginning also lying in and marking the southwest corner of Lot 1, Peninsula Subdivision P.U.D. (Plat Cabinet E, Slides 29 and 30, Dare County Registry) and said point also being a control corner (NAD 1927, N=796,228.3762 feet, E=2,989,242.7513 feet, Combined Factor = .99993669); thence from the beginning point and running along the East line of the lands of the College of the Albemarle North 32 deg. 46 min. 43 sec. West 261.03 feet to an iron rebar; thence continuing along the same course 10.00 feet more or less to the high water mark of a canal; thence turning in a general northeasterly, then northerly, then northeasterly, then southeasterly, then southwesterly direction and following the various meanderings of the high water mark of the canal along the back lines of Lots 1 through 33 of Peninsula Subdivision, P.U.D. to an iron rebar lying in the South line of Lot 33, Peninsula Subdivision P.U.D., said rebar also lying South 85 deg. 44 min. 04 sec. East 87.09 feet from another iron rebar lying in and marking the southwest corner of Lot 33, Peninsula P.U.D.; thence turning and running South 39 deg. 40 min. 20 sec. West 9.82 feet to an iron pipe lying in and marking the northeast corner of Parcel 4-5 of Roanoak Harbour (Plat Cabinet A, Slide 374) now or formerly belonging to Russell Twiford; thence turning and running along the North line of Parcel 4-5, Roanoak Harbour, North 85 deg. 44 min. 04 sec. West 126.88 feet to an iron rebar lying in the South margin or right-of-way of Russell Twiford Road which has a 60 foot right-of-way at that point, said iron rod also being a control corner (NAD 1927, N=796,225.53158 feet, E=2,989,319.30344 feet, Combined Factor = .99993669); thence crossing Russell Twiford Road North 87 deg. 52 min. 19 sec. West 76.61 feet to the point or place of BEGINNING.

THERE IS ALSO SUBJECT TO THESE COVENANTS that parcel of land adjoining the East line of Parcel 4-5, Roanoak Harbour, the high water mark of a canal and the southernmost lines of Lots 33 and 34, Peninsula P.U.D. and more particularly described as follows:

BEGINNING at an iron pipe lying in and marking the northeast corner of the Parcel 4-5 of Roanoak Harbour (Plat Cabinet A, Slide 374) now or formerly belonging to Russell Twiford; thence running along the East line of Parcel 4-5, Roanoak Harbour South 14 deg. 55 min. 17 sec. East 60.00 feet to a point; thence turning and running easterly at a right angle to the preceding call to the high water mark of a canal; thence turning and running with the high water mark of said canal a general northwesterly direction to an iron rebar lying in the South line of Lot 33, Peninsula Subdivision P.U.D., said rebar also lying South 85 deg. 44 min. 04 sec. East 87.09 feet from another iron rebar lying in and marking the southwest corner of Lot 33, Peninsula P.U.D.; thence turning and running South 39 deg. 40 min. 20 sec. West 9.82 feet to the point or place of BEGINNING.

The above parcels of land are more particularly shown on that certain map or plat entitled, "Final Subdivision Plat -- Peninsula Subdivision P.U.D." dated June 10, 1998, and prepared by Albemarle Engineering, Inc. recorded in Map Book E, Slides 29 and 30, Dare County Registry.

FURTHERMORE, all waterbodies and canals adjoining the above described property and lying within those lands described in Deed Book 1149, Page 802, Dare County Registry, are subject to the restrictive covenants to which this description is attached

**BYLAWS OF
THE PENINSULA OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME**

1.1. Name: The name of this Corporation as incorporated in the Charter is **THE PENINSULA OWNERS ASSOCIATION, INC.** For purposes of this document, it shall hereinafter be referred to as the "Corporation".

1.2. Incorporation: The Corporation is and shall be a Nonprofit Corporation existing under and by virtue of the "Nonprofit Corporation Act" of Chapter 55A, of the General Statutes of the State of North Carolina.

1.3. Authority: These Bylaws are adopted under authority of Chapter 55A, Section 2-06 of the General Statutes of the State of North Carolina.

**ARTICLE II
PURPOSE AND OBJECTIVES**

2. Purpose: The purposes of the Corporation shall be:

2.1 Allowed Activities. To engage in any lawful activity authorized for nonprofit corporations in the State of North Carolina, especially including, but not limited to, the ownership and administration of properties and lands lying in the vicinity of "The Peninsula Subdivision" at Manteo, North Carolina, and the administration and enforcement of the Declaration of Covenants and Aesthetic Guidelines applicable to residential homesites within "The Peninsula".

2.2 Prohibited Activities.

2.2.1 No part of the property, assets or net income of the Corporation shall inure to the benefit of any Director, Department Officer or member or private person, except the Corporation shall be permitted when necessary to hire and pay personnel reasonable compensation in order to carry out its objectives.

2.2.2 No activity shall be permitted which would disqualify the Corporation from acquiring and/or maintaining an exempt status from federal income taxation under Internal Revenue Code ("IRC") Section 501(C) or similar State of North Carolina exemption.

**ARTICLE III
OFFICES**

3. Office: The principal office of the Corporation shall be located at the offices of Island Realty of Nags Head, Inc., 7101 S. Croatan Highway, Nags Head, North Carolina, 27959, Dare County. The mailing address is P.O. Box 1267, Nags Head, North Carolina, 27959. The address of the corporation may change from time to time.

ARTICLE IV
MEMBERSHIP

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1194 0249

4.1. Qualifications. Membership in the Corporation shall be composed of those persons who are defined in the Declaration of Covenants applicable to those areas described in Exhibit A, attached hereto and incorporated herein by reference.

4.2. Maintenance of Membership: To maintain voting membership in the Corporation, a member shall:

4.2.1 pay on or before the due date thereof all dues, assessments and charges levied by the Corporation;

4.2.2 not violate any provision of the Declaration of Covenants or Aesthetics Guidelines;

4.2.3 not allow member's homesite to be in violation of the Declaration of Covenants or Aesthetics Guidelines;

4.3. Honorary Memberships: Nothing contained in the foregoing Sections shall be construed to prohibit the Corporation from awarding "Honorary Non-voting Memberships" in the Corporation.

ARTICLE V
MEETING OF THE MEMBERSHIP

5.1. Annual meeting of the membership: The annual meeting of the membership of the Corporation shall be held at the registered office of the Corporation or at a place designated by the Corporation, each year, on the second Saturday in June at 1:00 P.M. If the day specified for the annual meeting shall be a legal holiday, such meeting shall be held the next succeeding business day.

5.1.1 The purpose of the meeting shall be the election of Directors, the receiving of annual reports and the transaction of such other business as shall be properly presented.

5.1.2 Notice of the annual meeting shall be mailed by the Secretary to all members no greater than thirty (30) days nor later than fifteen (15) days prior to the scheduled meeting date.

5.2. Regular Business Meetings of Membership:

5.2.1 Regular business meetings of the membership may be established at the discretion of the Board of Directors.

5.2.1.1. At such meeting any member may discuss any matter of relevance to the Corporation and make recommendations to the Board of Directors on those subjects for which the Board is responsible, but otherwise may make no motions nor vote on matters for which the Board of Directors is responsible.

5.3. **Special Meetings of the Membership:** Special meetings of the membership may be called as allowed by Chapter 55A of the North Carolina General Statutes.

5.4. **Quorum:** A quorum at meetings of the Members of the Corporation shall consist of a majority of the Members eligible to vote.

5.4.1 If a quorum is not then present at an annual meeting the meeting shall be adjourned until a day set by the Board of Directors which day shall be at least thirty (30) days subsequent, whereupon the Secretary shall provide written notice of said adjournment to all members.

5.4.2 A quorum at such an adjourned meeting shall consist of twenty-five percent of the Members eligible to vote.

5.5. **Action:** At such annual or special meeting an affirmative vote of the majority in attendance, unless a higher requirement is established by statute, shall be required to transact any business that shall lawfully be brought before the membership.

ARTICLE VI
BOARD OF DIRECTORS

Book Page
1194 0250

6.1. **General Powers:** The Board of Directors shall exercise all of the powers of a Corporation given it by statute or vested in the Corporation by these Bylaws, and the general business of and affairs of the Corporation shall be conducted by the Board of Directors (the "Board"). Specifically, but not by way of limitation, the Board has the authority to impose assessments, charges and fees against the members and their homesites described in Exhibit A, all as set out in the Declaration of Covenants.

6.2. Number, Term and Qualifications.

6.2.1 The number of directors of the Corporation shall be three (3) in number, each of whom (with the exception of the initial Board named in the Charter) shall serve terms of two (2) years. In the event that a vacancy occurs on the Board of Directors, the remaining members of the Board shall, at the next meeting, appoint some member to serve the unexpired portion of the term for which the vacancy exists.

6.2.2 There shall be one director from members with homesites described in Exhibit A, and one director chosen by the Declarant. These two directors shall then appoint a third director who may, but is not required to be, a member.

6.2.3 Any voting member of the Corporation who is, and continues to be, in compliance with Article 4 shall be eligible to serve on the Board of Directors.

6.2.4 No husband and wife shall serve on the Board of Directors at the same time except as may be specifically approved by the Declarant.

6.3 **Officers of the Board:** The Board of Directors shall elect from among its membership a President and Vice-President, and shall elect from either the Board or from the membership in general a Secretary-Treasurer of the Corporation, which officers shall be elected at the first meeting of the Board immediately following the annual meeting. The Board may establish

such other positions as it deems necessary from time to time, and may elect separate Secretary and Treasurer.

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1194 0231

6.4 Duties of the Officers of the Board:

6.4.1 President of the Board. The President of the Board of Directors shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all the business and affairs of the Corporation. The President shall, when present, preside at all of the meetings of the membership and of the Board.

6.4.1.1 The President may sign, with the Secretary or any other officer of the Corporation authorized by the Board, any deeds, mortgages, deeds of trust, bonds, contracts, notes or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board of Directors from time to time.

6.4.2 Vice President of the Board: In the absence of the President, or in the event of death or inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions of the President.

6.4.2.1 The Vice-President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

6.4.3 Secretary of the Board: The Secretary shall:

6.4.3.1 Keep the minutes of the membership meeting and of the Board of Directors meetings in one or more books provided for that purpose;

6.4.3.2 Give all required notices in accordance with the provisions of these Bylaws;

6.4.3.3 Keep, as custodian, the Corporate records and Corporate Seal;

6.4.3.4 Affix the Seal of the Corporation to all documents for which authorization has been given;

6.4.3.5 Keep a registry of the address and telephone number of each member;

6.4.3.6 Perform all duties incident to the office of Secretary as set forth in these Bylaws or otherwise required by law or assigned by the Board of Directors from time to time.

6.4.4 **Treasurer of the Board:** The treasurer shall: Book Page

6.4.4.1 If required by the Board of Directors, give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board may require. 1194 0252

6.4.4.2 Have charge and custody of and be responsible for all funds and securities of the corporation;

6.4.4.3 Receive and give receipts for moneys in the name of the Corporation and deposit such funds in depositories as the Board may determine;

6.4.4.4 If required by the Board of Directors, arrange for the Corporate books to be audited by a Certified Public Accountant at least once a year.

6.4.4.5 Prepare and present such reports as may be required by these Bylaws and applicable law;

6.4.4.6 Perform all duties incident to the office of Treasurer as set forth in these Bylaws or otherwise required by law or assigned by the Board of Directors from time to time.

6.5. Meetings of the Board:

6.5.1 **Regular Meetings of the Board:** Regular meetings of the Board of Directors may be held, without notice, at such times and places, as the Board shall determine.

6.5.2 **Special Meetings of the Board:** Special Meetings of the Board of Directors may be called at the discretion of the President, the Board Chairman or by any two (2) members of the Board of Directors.

ARTICLE VII
AMENDMENTS

7. **Amendments:** These Bylaws may be altered, amended or repealed and new Bylaws may be adopted only as provided in Article 10, Chapter 55A of the North Carolina General Statutes.

COPY

Filed Book: 1339 Page: 130
08/18/2000 09:45AM
Doc Code: DECL
BARBARA M GRAY, REGISTER OF DEEDS

Doc Id: 6015242
Receipt #: 13356

NORTH CAROLINA
DARE COUNTY

Prepared by and Return to
W. Jay Wheless, Attorney

AMENDMENT
TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE PENINSULA SUBDIVISION,
a Planned Unit Development

Jim Jackson
757-620-5006

WITNESSETH:

THAT WHEREAS, LAUNCH N.C., INC., a North Carolina Corporation, is the Developer / Declarant (hereinafter "Declarant") of all those lands designated and known as The Peninsula Subdivision P.U.D. (hereinafter "the lands") as the same are shown on the maps recorded in Plat Cabinet E at Slides 29 and 30 of the Dare County Registry; and

WHEREAS Declarant established a general plan for improvement and development of the lands shown on the aforementioned plat and prepared and filed certain restrictions applying to the lands recorded in Book 1194, Page 222, Dare County Registry (hereinafter "the Declaration"); and

WHEREAS Declarant retained the right to change and amend unilaterally the Declaration until January 1, 2000, in order to address any particular needs or clarifications not known or recognized at the time of recording the Declaration; and

WHEREAS Declarant has reviewed the terms and conditions of and the practical applications of the restrictions in the Declaration, including the Exhibits thereto, and now wishes to amend certain provisions therein;

NOW THEREFORE the Declarant amends the Declaration of Covenants, Conditions and Restrictions recorded in Deed Book 1194, Page 222, Dare County Registry as follows:

Amendment 1. Article 1.5 is amended so as to add the following language to the end of the paragraph:

...and subject to other limitations contained herein.

Amendment 2. Article 3.3 is deleted in its entirety and replaced with the following:

Owner must submit specific Dwelling Unit Plans including, but not necessarily limited to, those items set forth in paragraph 3.2 for consideration by the Aesthetics Review Committee.

Amendment 3. Article 3.6 is deleted in its entirety.

Amendment 4. Article 6.4.1 is deleted in its entirety and replaced with the following:



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6.4.1 Slip Boundaries. Declarant reserves the right to construct a boardwalk, gazebos and finger piers over portions of Homesites and the waters of the existing canal. If said boardwalk and/or finger piers are constructed, then each Homesite and/or Dwelling Unit shall have the right to wharf out and to moor a boat within the following boundaries:

For Homesites 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31, the vertical boundaries of each such space are created by the intersections of the vertical planes which (1) pass along the outermost surfaces of the docks, piers, pilings, walkways and boardwalks on the landward side of the space, and (2) the extension of the Homesite's side lot lines to the dock, piers, pilings, walkways and boardwalks and then at right angles thereafter, and (3) lie twenty (20) feet waterward of and parallel to the first boundary or a width as approved by Federal, State and local regulations whichever is less.

For Homesites 1, 2, 3, 4 and 5, each space lies southwest of the finger piers lying closest to the northernmost line of the Homesite at the canal and generally North of any finger pier lying closest to the southernmost line of the Homesite at the canal and into the waters of the canal as approved by Federal, State and local regulations whichever is less.

For Homesite 6 the vertical boundaries of its mooring space are created by the intersections of the vertical planes which (1) pass along the northernmost outer surface of any finger pier lying closest to the southernmost line of the Homesite at the canal, and (2) the extension of the Homesite's North side lot line to the dock, pier, pilings, walkways and boardwalks and then at a right angle to the dock, etc, and (3) lie thirty (30) feet waterward of and parallel to the first boundary or a width as approved by Federal, State and local regulations whichever is less.

For Homesite 32 the vertical boundaries of its space are created by the intersections of the vertical planes which (1) begin at the common corner of Homesites 32 and 31 located at the point where the extension of the shared boundary line intersects the outermost surface of the dock, pier, piling, walkway and boardwalk and running from said point West along the outermost surface of the dock, pier, piling, walkway and boardwalk to "Point X" as defined in the next paragraph, and (2) the extension of the Homesite's northeastern side lot line to the dock, piers, pilings, walkways and boardwalks and then at a right angle thereafter, and (3) from "Point X" extending southerly at a right angle to the dock or boardwalk, and (4) lie twenty (20) feet waterward of and parallel to the dock or boardwalk or a width as approved by Federal, State and local regulations whichever is less.

For Homesite 33 the vertical boundaries of its space are created by the intersections of the vertical planes which (1) begin at a corner (hereinafter "Point Z") formed by (a) the easternmost edge or surface of the dock, pier, piling, walkway and boardwalk that lies East of and adjacent to the concrete "Common Launch Area" as shown on the map of the lands recorded in Plat Cabinet E at Slides 29 and 30 of the Dare County Registry", said dock further runs and extends South into the waters of the canal, and (b) the southernmost edge or surface of the dock, pier, piling, walkway and boardwalk that runs along the rear line of Lot 32, and (2) run from the beginning point East along the outermost edge or surface of the dock, pier, piling, walkway and boardwalk that runs along the rear line of Lot 32 a distance of thirty (30) feet to a point (herein known as "Point X"), and (3) from Points X and Z extending southerly at right



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angles to the dock or boardwalk, and (4) lie twenty (20) feet waterward of and parallel to the dock or boardwalk or a width as approved by Federal, State and local regulations whichever is less.

For Homesite 34, there is no guaranteed boat mooring space; however, to any owner of this Homesite, the Association will attempt to make available certain lands adjoining the easternmost property line and extending South 30 feet along the lands now or formerly belonging to Russell E. Twiford for the construction and maintenance of a dock. The owner of Homesite 34 shall be responsible for all Federal, State and local permits and the costs of all construction. If all necessary permits are not issued, then no construction shall be permitted. The Association shall approve all plans for construction. All work and materials shall be in a style and quality equal to that of the existing docks on the lands, including electrical hookups and lighting. No such dock or boats moored thereto shall interfere with free navigation of the waters of the canal or impair the free and safe use of the boat ramp. Once construction begins, the owner shall use its best efforts to prosecute the work and shall complete the same within 90 days of beginning. If constructed, neither the Declarant nor the Association shall have any obligation to insure or otherwise provide for the repair of the dock or its appurtenances; however, upon appropriate corporate action, the Association may adopt the dock as part of the common properties. The dock and appurtenances shall be subject to the terms and conditions of the Declaration. The owner of Homesite 34 may not sell, lease, assign or otherwise transfer his rights in the dock except in the instance of lease or transfer of Homesite 34 to the tenant or new owner.

Owners shall not be entitled to sell, lease or otherwise dispose of any Slip constructed by Declarant or Association or of any area to wharf out or moor a vessel separate and apart from the sale, lease or other disposition of the underlying homesite or dwelling unit giving rise to an owner's right of use and enjoyment of the Common Properties. An owner may convey, lease or assign his interests in the Common Properties only when those interests are joined with a conveyance, or lease or assignment of the underlying title to a homesite or dwelling unit. Tenants of a homesite or dwelling unit are subject to the use restrictions on Common Properties as set forth in the Community Documents.

Amendment 5. Article 8.4, first lines of the second and third paragraphs, the words "2000" are amended to read "2001".

Amendment 6. Article 11.4 is deleted in its entirety and, with the consent of the Association, is replaced with the following:

11.4. Insurance. The Association may be required to obtain and maintain at all times:

(a) Insurance for all of the insurable improvements on the lands (with the exception of improvements, and betterments made by the respective Owners or Occupants) against loss or damage by fire or other hazards, and including extended coverage, vandalism, malicious mischief, debris removal, cost of demolition, windstorm and water damage, in an amount consonant with full replacement value of such insurable improvements;

(b) Any such fidelity coverage against dishonest acts on the part of its Directors, Officers, employees, agents and volunteers responsible for handling funds belonging to or administered by the Association in any amounts as the Board may determine in its sole discretion;





(c) Comprehensive public liability insurance, in amounts established by the Board of Directors from time to time, but in no event shall such amount be less than \$1,000,000.00 for single limit coverage; and

(d) Such other types of insurance either required by the Federal, State or any other applicable governmental authority or law or authorized by the Board of Directors from time to time. Such casualty, liability and fidelity coverage shall be maintained in accordance with and satisfy all of the applicable rules, regulations and provisions of the Federal, State or any other applicable governmental authority. When any policy of insurance has been obtained by or on behalf of the Association, written notice of the obtainment thereof and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner by the Officer required to send notices of meetings of the Association.

IN WITNESS WHEREOF the appropriate corporate officers of Launch N.C., Inc., the Declarant, have hereunto set their signatures and the officers have caused the corporation's official seal to be impressed hereon authenticating this official corporate act.

LAUNCH N.C., INC.,
a North Carolina Corporation

By: James E. Jackson (SEAL)
James E. Jackson, President

Attest: _____ (SEAL)



NORTH CAROLINA State of Florida
DARE COUNTY Miami-Dade County

I, a Notary Public of the aforesaid State and County, do hereby certify that ^{President} James E. Jackson personally came before me this day and acknowledged that she is _____ of Launch N.C., Inc., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal _____.

Witness my hand and official stamp or seal, this 8th day of August, 2000.

Liz Y. Viera
Liz Y. Viera Notary Public

My Commission Expires Liz Y. Viera
Notary Public, State of Florida
Commission No. CC 602110
My Commission Exp. 11/18/2000
Printed Through the Notary Service & Bonding Co

NORTH CAROLINA, DARE COUNTY Liz Y. Viera a Notary
The foregoing certificate(s) of Public of State of Florida is/are 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 for Dare County
By: Vanzella McManis Assistant Register of Deeds

THE PENINSULA OWNERS ASSOCIATION, INC.**Aesthetics Guidelines****I. Purpose**

The Peninsula is a community development in which care has been taken to preserve natural features of the environment and yet allow the creation of dwelling units and other uses. These Aesthetics Guidelines and later amendments are to assure appropriate development of The Property and Dwelling Units which will complement each other, promoting the enhancement of property values and the mutual enjoyment of the community.

II. Aesthetics Review Committee

In accordance with the Declaration of Covenants, Conditions and Restrictions to which these initial Aesthetics Guidelines are attached, this Committee has the purpose of providing, enforcing and maintaining certain standards as to harmony of exterior design and location of the improvements on any homesite in relation to surrounding structures, natural features and topography. The Committee will review all plans for structures or other improvements. The Committee is to ensure that each of the Dwelling Units reflects the overall objectives of the entire community and that the unique natural setting of the community is preserved and enhanced.

**III. Inclusive (but not limited to)
Areas of Regulation****Building Restrictions**

These policies concern all new construction, additions, and/or modifications of existing Dwelling Units, structures and other improvements in the community:

1. Maximum height. No Dwelling Unit or other permitted structure on a homesite is to have an overall height more than that allowed by the Town of Manteo Zoning Ordinance.
2. Minimum size. All Dwelling Units shall have a minimum of 1800 square feet of heated living area. Square footage shall be measured from exterior walls of the Dwelling Unit.
3. Building setbacks. Minimum building setbacks shall be governed by Article 3, Section 4 of the Declaration of Covenants. Additionally the Committee may approve certain amenities (if allowed by the Town of Manteo Zoning Ordinance) which are constructed low to the ground (such as pools, shuffleboard courts, etc.) within the rear yard setback areas.

4. Dwelling Unit site coverage. Maximum homesite coverage shall be as allowed by the Town of Manteo Zoning Ordinance or as determined by the Committee, whichever is less. 1194 0237

5. Foundations, pilings and lattice. The foundation must receive the same careful attention to detail and finishes as the main body of the Dwelling Unit. Any concrete block foundation must be pargeted and finished in an approved color. Exposed pilings are not appropriate. The foundation may be fully enclosed or partially enclosed with lattice or siding or a combination of these treatments. Lattice may be installed in either of two ways or as otherwise approved by the Aesthetics Review Committee: (1) continuous horizontal strips of 1" x 4" boards with 2 1/2" spaces between each board to enclose the perimeter of the building, decks and stairs as a unit; or (2) criss-cross lattice installed vertically and horizontally and framed between pilings to enclose the perimeter of the building, decks and stairs as a unit. Horizontally installed board lattice shall be finished in a color that matches the Dwelling Unit's color. Criss-cross lattice may be finished in a color matching either the color of the Dwelling Unit, the color of the trim, or white. Any gates or doors installed in the lattice shall be constructed of the same material as the lattice so that a continuous surface is maintained around the exterior of the Dwelling Unit.

6. Wall materials.(a) Exterior Walls:It is the intention of these Aesthetic Guidelines to achieve a harmonious environment and to achieve such goal only wood products or cementitious wood-design products or any similar product approved by the Aesthetics Review Committee will be allowed to be applied to the exterior wall surfaces. A variety of wood finishes may be permitted upon review of the Committee. Wood shingles, horizontal lapped siding, and board and batten sidings are appropriate. All other structures on the homesite such as pool houses, should have the same exterior wall finish as the Dwelling Unit. NOT permitted sidings include (without limitation): stucco finishes, metal siding, synthetic wood-like siding (except as permitted by the Committee or cementitious-wood design products), exposed decorative plywood siding (such as T-111), any wood siding run at a diagonal, or any vinyl or aluminum siding covering the majority of the Dwelling Unit or other permitted structure. Aluminum fascia and vinyl soffit will be considered for trim material in addition to wood. All windows and doors must be trimmed on all sides with wood trim or other approved trim a minimum of 4 inches in width. In the construction of the exterior walls, 5/8" threaded steel rods shall be extended on four foot centers from the bottom of the home to the top plat of the roof.* All flooring will be constructed of 3/4" tongue and groove plywood which shall be glued and screwed to the joists.*

(b) Interior Walls: All interior walls will be framed with a minimum of 2" x 6" material.

7. Exterior Color. Color used on Dwelling Units is a dominant visual element and a major expression of the overall theme of the community. Sensitive, subtle color selections of grays, pale pastels or natural earth tone paints, stains and oils for the exterior body of the Dwelling Unit are the only acceptable finishes except as otherwise approved by the Aesthetics Review Committee. Each Dwelling Unit or other permitted structure on a homesite must be painted or stained in or with a color approved by the Committee. The Aesthetics Review Committee will offer a selection of permitted colors; other colors may be considered. Each Dwelling Unit should not use more than three primary exterior finish colors (body of Dwelling Unit, trim and exterior doors). Colors for all

Dwelling Units, any other permitted structure, trim, roof materials, screens, railings, etc. are to be specified on the Aesthetics Review Form that is to be submitted to the Committee for review and, if satisfactory, approved.

8. Windows and Doors. Areas with major fenestration should be oriented to afford privacy while taking advantage of special views, such as open spaces, the ocean, sound and any ponds or creeks. Windows should be carefully proportioned and located to enhance the exterior appearance and interior light quality and views. Window and door frames may have anodized aluminum, vinyl, or painted or stained finishes, in colors as approved by the Committee. Natural color aluminum finishes are not allowed. In an effort to achieve adequate fenestration on each elevation of a Dwelling Unit, windows and/or doors should be provided for each level. All Dwelling Units must have a minimum of two entry doors that shall be hinged, either single or double entrance.

9. Roofs. Roofs for every Dwelling Unit and any other permitted structure should have a similarity of form, materials and color that will contribute to the desired homogenous character. The main roof should slope equally in each direction from the roof peak. Gable and hip roofs with slopes of at least 6/12 are recommended for the main body of the Dwelling Unit. NOT permitted are flat roofs (which constitute more than 25% of the total roof area), A-frame roofs, dome roofs, "butterfly" roofs, or shed roofs composed of only one plane as an overall roof shape for the majority of the building. Permitted roofing materials are wood shingles, wood shakes, composition shingles, slate and standing-seam metal. Roofing material on all composite shingle roofing shall have a minimum weight of 305 pounds per square. The finished color of any roof material must be approved by the Committee. Shingle colors shall be in subdued grays or earth tones except as otherwise approved by the Aesthetics Review Committee. Copper may be permitted to weather to a natural patina. Other metal shall be finished in a color to match the Dwelling Unit's shingle color to be approved by the Committee. Covered porches and any other structures on the Dwelling Unit site should have the same roofing material and roof color as the Dwelling Unit. Overhangs should not exceed 30 inches unless approved by the Committee.

10. Roof Structures. Ornamental or functional elements, such as balustrades, widow's walks, lantern towers, weather vanes and lightning rods attached to the roofs are allowed only when approved by the Aesthetics Review Committee. All roof accessories such as vent stacks and roof vents, shall be painted to match the roof and located away from the street side elevation. All exposed flashing shall be copper which is allowed to weather to a natural patina or copper or aluminum painted to match or blend with the shingle color. All plumbing vents, exhaust fans, or similar protrusions through the roof shall be as low profile as possible and aligned where possible on the surfaces where more than one is required.

11. Chimneys. Chimneys must conform to the overall building height limitations adopted by the Town of Manteo while providing adequate draft. Exposed metal flues are not permitted, and all chimney caps should be finished in a complementary finish to the Dwelling Unit and trim colors.

12. Antennas. No antenna, satellite dish, radio receiver, ~~1194~~ or any other similar device shall be attached to or installed adjoining the exterior portion of any Dwelling Unit, any other structure or located on any homesite within the community except as approved by the Aesthetics Review Committee.

13. Decking. All decking shall be constructed of salt-treated wood for girders, decking material, handrails and pickets. Vertical salt treated pickets of 2 x 2 or architecturally designed balusters are permitted and other handrail details will be considered provided they conform to the North Carolina Building Code and maintain the classic architectural feeling of the community. Handrails and pickets may be painted or stained in a color to match the color of the Dwelling Unit or the trim of the Dwelling Unit. NOT permitted will be decks erected above the slope of any roof surface of the Dwelling Unit standing on or supported by exposed, open posts and beams or any decks higher than the highest interior floor level. All decks shall be double-board supported.* All decking boards will be screwed to joists with a minimum of .3 inch stainless steel decking screws.

Decks located at second floor levels can present a significant design challenge from an aesthetic point of view. The perimeter of any deck above the first floor level must align vertically with the perimeter of any deck or other construction underneath it, except that on one side such a deck may be cantilevered beyond the perimeter below by no more than 30". Decks above the first floor level (not counting the ground floor) may not appear to be supported by piling running all the way to the ground and such construction or plans will not generally be approved. Such decks may be approved only if it is demonstrated to the Committee that the final appearance will be consistent with the architectural style that characterizes the community.

Maximum deck coverage should not exceed 60% of the heated space of any Dwelling Unit or other permitted structure.

14. Stairs. All exterior stairs shall be constructed of the same materials as the adjacent decks and the handrails will match and conform to the approved handrails of the Dwelling Unit. All stairs between decks must be constructed within the perimeters of the decks. Cantilevered stairways will not generally be approved by the Aesthetics Review Committee. Stairs not visible from the street will be allowed to run from the first floor elevation to grade level outside the perimeter of the deck provided they are parallel to the deck. NO stair may be constructed above such a stair to provide access to an upper level deck.

15. House Numbers and Dwelling Unit Names. House numbers and Dwelling Unit names must be installed in an easily visible location near the front entrance of the Dwelling Unit and are to be made of antique brass, bronze, copper, or painted wood. These numbers and signs are to NOT be more than 24" in height and 36" in width or cover a total area of not more than five square feet in area. The longer dimension shall be horizontal.

16. Other Structures. Any permitted other structure on a Dwelling Unit site such as pool houses must be compatible with the Dwelling Unit. It is recommended that any such structures be of the same material and colors as the Dwelling Unit. Carports and garages should be

connected to the Dwelling Unit by an enclosed, covered passageway but are not encouraged. No gazebos will be allowed in any area where they interfere with visual sight-lines.

17. Free Standing Structures. Structures that will not be permitted in the community or allowed on any of the homesites are as follows: freestanding hot tubs, fences (other than fences used for screening or in landscaping details), or any outbuilding or other structure not approved by the Committee. Chain-link fencing is not permitted.

18. Boardwalks and Beach Access. Access to and/or construction on the existing canal may be regulated by State of North Carolina and the Town of Manteo. After obtaining any applicable approval and the approval of the Aesthetics Review Committee, Owners may construct a walkway to join the boardwalk that Declarant intends to construct around the rear lines of the lots. Said walkway may be no more than 6 feet in width. The walkway shall follow the natural contour of the land so as to prevent a trestle-type effect in the walkway. Dock boxes are permissible on the walkway, but not the boardwalk, if approved by the Committee. Benches will be permitted on these walkways but no roofs, gazebos or other structures may be constructed above these walkways. Owners whose homesites are adjacent to an existing common walkway may connect a walkway from their Dwelling Unit to the common area walkway.

19. Parking and Driveways. For each Dwelling Unit built on a Homesite, a minimum of two off-street parking spaces must be provided. They may be provided in carports or garages. It is recommended that two off-street guest parking spaces also be provided. Driveways and parking areas must be concrete, concrete pavers, brick or asphalt. Garages, driveways and off-street parking should be screened with planting or fencing or be located away from the front of the Dwelling Unit where possible. All concrete driveways and parking areas must be finished in a color approved by the Committee.

20. Service Yards. The service yards are to be screened from view from roads and adjacent properties by a visual barrier at least six (6) feet height, which may be a fencing material or vegetated buffer to be approved by the Committee. All HVAC equipment, and other equipment stored outside the Dwelling Unit must also be screened from view. Propane tanks must be buried. Fencing material should be consistent with any lattice treatment of the foundation of the Dwelling Unit and must be consistent with color and materials used on the Dwelling Unit. Chain link fencing is not permitted. The location of all HVAC equipment, propane tanks and other equipment stored outside of a Dwelling Unit must appear on the foundation plan submitted to the Committee.

21. Landscaping. Plans for any landscaping, grading, excavation, or filling of Dwelling Unit sites must be approved by the Committee before site work can begin. These plans must show the ratio of the area to be covered by the Dwelling Unit, decks, patios, and other structures versus the area to be left in a natural state. Total impervious coverage of any homesite shall not exceed fifty percent of the total area of the homesite or the total square footage set forth in Exhibit D, Allowable Lot Coverage.

Landscaping plans must show topography, all trees larger than three (3) inches in diameter (measured 2' above grade at tree base) and their approximate spread and all groupings of smaller

trees and shrubs whose spread is more than twenty (20) feet in diameter, and all flowering shrubs.

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No owner may remove or alter any trees or shrubs larger than three (3) inches in diameter (measured 2' above grade at tree base) without prior approval of the Committee.

All landscaping plans, including (without limitation) terraces, walks, paths, outdoor lighting fixtures, fences, bulkheading, walls, pools, boardwalks, decks and screens, are to be shown on the plans and are subject to approval by the Committee. All landscaping of Dwelling Unit sites must be completed within ninety (90) day of occupancy.

22. Lighting Fixtures. Incandescent lighting - The standard type of light for exterior lighting shall be incandescent (including all filament type lamps, e.g. tungsten-halogen). Directional lamps with built-in reflectors shall be clear or white. Lamps (light bulbs) for non-directional fixtures shall be white, inside frosted and not exceeding 60 watts.

Directional Light - The concentrated brightness of the filaments of adjustable directional lights (spot lights, flood lights, etc.) must not unreasonably interfere with use and enjoyment of adjacent properties.

Practically, if these lamps or fixtures are used, they shall be aimed so that the filaments are shielded from the view of windows and decks on adjacent properties.

Non-directional Lights - Non-directional light fixtures used for general lighting must have enclosures that conceal the shape of the lamp (light bulb). Enclosures should be translucent, not transparent. Ideally, positioning of exterior light fixtures to conceal the source of the light is preferable.

Light fixtures not attached to the building may not exceed a height of 24 inches above grade.

Smoke or dark colored glass for exterior lighting is recommended.

NOT PERMITTED: Mercury, metal halide, or sodium lamps in any fixture.

Lighting fixtures within twenty (20) feet of the property line on the street should be designed so that the source of light is not directly visible from such property line.

* Please consult Committee for details/drawings for more specific information.