

Prepared by and return to:
Daniel D. Khoury, Esquire
Vandeventer Black LLP
P.O. Box 2
Kitty Hawk, NC 27949

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HATTIE CREEF LANDING**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS for Hattie Creef Landing is made this 25th day of July, 2005, by Hattie Creef Landing, LLC, a North Carolina limited liability company (hereinafter referred to as the "Declarant") of 29 Fairway Drive, Southern Shores, NC 27949.

RECITALS

[STATEMENT OF PURPOSE]

A. Declarant is the owner of that property situated in the village of Salvo on Hatteras Island, North Carolina, more particularly described on Exhibit "A" attached hereto and incorporated by this reference (the "Property" or "Hattie Creef Landing").

B. Declarant desires to subject the Property to the covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth in order to: (i) provide that all improvements will be harmonious and appealing in appearance and function, (ii) provide that land uses and functions will be compatible and complimentary, (iii) preserve and enhance the Property, (iv) contribute to the general health, safety and welfare of property owners and (v) assure that the Property and any improvements are maintained in first-class and high-quality condition.

C. In order to provide for the preservation of Hattie Creef Landing and the assurance that all improvements of Hattie Creef Landing are in conformance with architectural guidelines, the declarant has made provisions for an Architectural Review Board ("ARB"), which shall be responsible for administering the architectural guidelines and any improvements to be constructed on the Property. Prior to any lot disturbance or construction of any type or for any purpose, including alterations or additions to existing structures, plans and specifications, detailing the nature, kind, shape, material and location must be submitted for approval in writing by the ARB to the harmony of external design and the location of surrounding structures and topography.

D. To accomplish the objectives as referenced within these recitals, it is in the interest of Hattie Creef Landing for the Declarant to maintain a significant role in the initial development of Hattie Creef Landing and the Declarant has therefore retained numerous rights and will exercise controls over the Property throughout the developmental period.

NOW, THEREFORE, Declarant, by this Declaration, declares that all property known as Hattie Creef Landing shall be held, sold, hypothecated, or encumbered, leased, rented, used, occupied and improved subject to the following covenants, restrictions, easements, liens and

charges, all of which are declared and agreed to be in furtherance of: enhancing and projecting the architectural styles and designs promulgated within the Architectural Guidelines, the spirit of community in Hattie Creef Landing and to enhance the value of properties which covenants, easements, and restrictions shall run with the real property subjected to this Declaration as may be reasonably modified and amended from time to time in furtherance of the Statement of Purpose recited herein, all of which shall be binding on all parties; their respective heirs, personal representatives, successors, transferees and assigns, as well as occupants, guests and invitees having or acquiring any right, title or interest in Hattie Creef Landing.

Article I Definitions

Section 1.01. Definitions. When using this Declaration, unless the content shall prohibit or otherwise require, the following words set forth within this Article I shall have all of the following meanings and all definitions applicable to the singular and plural forms of such terms.

Section 1.02. "Act" refers to the North Carolina Planned Community Act as codified in Chapter 47F of the North Carolina General Statutes.

Section 1.03. "Architectural Guidelines" shall mean that criteria established by the Architectural Review Board consisting of lot development and architectural design standards establishing rules and guidelines for the use, design and construction of all improvements to the Property.

Section 1.04. "Architectural Review Board" ("ARB") shall mean and refer back to the committee responsible for administering the architectural guidelines and setting and approving all structural improvements, additions, modifications and changes within Hattie Creef Landing.

Section 1.05. "Articles of Incorporation" shall mean the Articles of Incorporation of Hattie Creef Landing Association as filed with the Secretary of State of North Carolina.

Section 1.06. "Assessments" shall mean and refer to all annual assessments, special assessments, individual assessments, and other fees and charges levied by the Association in accordance with the Governing Documents.

Section 1.07. "Association" shall mean and refer to Hattie Creef Landing Homeowners' Association, Inc., a North Carolina non-profit association.

Section 1.08. "Board" shall mean and refer to the Board of Directors of the Association.

Section 1.09. "Bylaws" shall mean the Bylaws of the Association.

Section 1.10. "Common Area" or "Common Property" shall mean and refer to that access and right of way known as Hattie Creef Landing Court, the ten-foot Pedestrian Access Easement to the property of the United States Park Service for the purpose of access to the Atlantic Ocean and any other areas designated as common area on any plat recorded at the Office of the Register of Deeds of Dare County, North Carolina.

Section 1.11. "Common Expenses" shall mean and refer to all expenses of any kind or nature whatsoever that are properly incurred by the Association

Section 1.12. "Declarant" shall mean and refer to Hattie Creef Landing, LLC, a North Carolina limited liability company, its successors and assigns in whole or in part.

Section 1.13. "Declarant's Rights Period" refers to any and all privileges, powers, easements, exemptions, rights and duties reserved to the Declarant by the Governing Documents, and any reasonable amendments thereto related to the development of Hattie Creef Landing including the pursuit and furtherance of the recitals set forth within the Statement of Purpose. The Declarant's

Rights Period shall extend until September 15, 2010. The Declarant may voluntarily elect an earlier termination of the Declarant's Rights Period by giving written notice to the Association. During the Declarant's Rights Period, the Declarant shall have all those Special Declarant's Rights defined by the Act and in addition those rights which shall include at a minimum: the right to make all appointments to the ARB, the right to appoint a majority of the members to the Board of the Association and the right to approve any amendments to the Governing Documents.

Section 1.14. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Hattie Creef Landing as it may be amended and supplemented from time to time as herein provided.

Section 1.15. "Dwelling Unit" shall mean and refer to a portion of the Property, whether developed or undeveloped, intended for development, use and occupancy as an attached or detached dwelling for single-family residential use.

Section 1.16. "Governing Documents" refers to this Declaration, the Architectural Guidelines and Bylaws of the Association.

Section 1.17. "Improvements" shall mean and include all buildings, storage sheds or areas, roofed structures, decks, patios, parking areas, exterior recreational areas, recreational equipment and facilities, mailboxes, exterior antennae, dishes or other apparatus to receive or transmit television or radio or microwave or other signals, loading areas, trackage, fences, walls hedges, mass plantings, poles, driveways, ponds, changes in grade or slope of a Lot or Dwelling Unit, silt preparation of a Lot or Dwelling Unit, landscaping, exterior clotheslines, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any other exterior construction or exterior structure or other exterior improvement which may not be included in any of the foregoing.

Section 1.18. "Lot" shall mean and refer to any numbered plot of land, which is part of the Subdivision Plat recorded in the Public Registry of Dare County, North Carolina.

Section 1.19. "Maintain", "Maintenance" or any substantially similar term used in this Declaration, when applied to a power or duty of the Association or Owner shall mean and include, without limitation, the right to maintain, repair, replace, reconstruct, improve, clean, landscape, operate and use the improvement, property or other item which is the subject thereof.

Section 1.20. "Member" shall mean and refer to each Owner of a Lot.

Section 1.21. "Owner" shall mean and refer to the fee simple title to any Lot. Notwithstanding any applicable theory of any lien or mortgage law, Owner shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any legal proceeding in lieu of foreclosure.

Section 1.22. "Plans" shall mean and refer to the complete drawings and specifications for any contemplated Dwelling Unit including, but not limited to those showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefore.

Section 1.23. "Property" shall mean all that parcel of land, which comprises Hattie Creef Landing as more particularly described in Exhibit A.

Section 1.24. "Sign" shall mean any writing, pictorial representation, emblem, flag, or any other figure of similar character which is (i) a structure or part thereof, or is attached to, painted on or in any other manner represented on a Dwelling Unit, or any other structure (ii) used to announce, direct attention to, or advertise and (iii) visible from outside an Improvement.

Section 1.25. "Special Assessment" shall mean assessments levied in accordance with Article VIII Section 8.01(2) of this Declaration.

Section 1.26. "Subdivision Plat" shall mean that plat of Hattie Creef Landing prepared by Quible and Associates, P.C. dated May 20, 2005, which is recorded in Plat Cabinet ____ at Slide ____ in the Public Registry of Dare County, North Carolina.

Article II
Property

Section 2.01. Property Made Subject to Declaration. The Property is hereby made subject to this Declaration and the Property shall be owned, held used, occupied, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration

Section 2.02. Changes to this Declaration Requiring Declarant's Consent. Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that during the Declarant's Rights Period the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

Article III
Membership and Voting Rights

Section 3.01. Membership. Each and every Owner of a Lot shall automatically become and be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 3.02. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration or the Bylaws, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present, or represented by legitimate proxy, at a legally constituted (duly called) meeting of the Association at which a quorum is present, shall be the act of the Members with respect to the matter that is the subject of such vote. The number of votes required to constitute a quorum shall be as set forth herein or in the Bylaws. Notice requirements for all action to be taken by the Members of the Association shall be as set forth herein or in the Bylaws.

Section 3.03. Termination of Membership. A Person's membership in the Association shall terminate automatically whenever such Person ceases to be an Owner, but such termination shall not release or relieve any such Person from any liability or obligation incurred under or in any way connected with the association of this Declaration during the period of such Person's ownership of a Lot, or impair any rights or remedies which the Association or any other Member has with regard to such former member.

Article IV
Property Rights

Section 4.01. Easement of Enjoyment. Subject to the provisions of this Declaration every Owner shall have a right and easement of use and enjoyment in and to the Common Area, subject to the right of the Association to prescribe and enforce regulations governing the use, operation and maintenance of the Common Areas.

Section 4.02 Title to Common Areas. The Declarant may elect to retain the legal title to the Common Areas during the Declarant's Rights Period

Section 4.03 Stormwater Management Improvements. The Association will be responsible for maintenance of any stormwater management swales, channels and check dam repairs. Such maintenance is to include removal of sediments within the swales and channels,

restabilization of the swales and channels as needed, check dam repairs and upkeep of the vegetation cover on a periodic, as required basis.

Section 4.04. Changes in Boundaries. Declarant expressly reserves for itself and its successors and assigns the right to reasonably change and realign the boundaries of the Common Areas and any Lots, including the realignment of boundaries between adjacent Lots or Dwelling units owned by Declarant, provided that any such change or realignment of boundaries shall not materially decrease the acreage of the Common Areas and shall be evidenced by a revision of and/or addition to those plats of Hattie Creef Landing which shall be recorded in the Office of the Register of Deeds of Dare County, North Carolina. Any realignment of lots will not impact the size or layout of lots previously conveyed. Except as provided herein, lots may not be subdivided or separated into smaller lots or any portion of a lot separately conveyed.

Article V Declarant's Rights Reserved

Section 5.01 Duration of the Declarant's Rights Period. The rights and obligations reserved for the benefit of the Declarant (the "Declarant's Rights Period") shall extend until September 15, 2010. The Declarant, however, may elect to voluntarily terminate all or any portion of the Declarant's Rights Period by expressing such election in writing to the Association.

Section 5.02 Governing Documents. During the Declarant's Rights Period, the Association shall make no amendments to the Governing Documents or take any other action that may adversely affect the Declarant's interest without the Declarant's prior written consent.

Section 5.03 The Declarant's Representation on the Board. During the Declarant's Rights Period, the Declarant shall have the right to appoint two of the three members serving on the Board of the Association herein for the period and all members of the ARB. The number of members of the Board and composition may not be changed during the Declarant's Rights Period without the Declarant's written consent.

Article VI Architectural Standards

Section 6.01. Purpose. Declarant desires to provide for the preservation of the values of Hattie Creef Landing with respect to any Dwelling Unit to be constructed on any portion of the Property. To that end, Declarant will establish an Architectural Review Board (the "ARB"). The purpose of the appointed ARB is to maintain standards as to appearance, shape, dimension, construction material, and color among other things, in order to establish a desirable consistency and harmony, among adjacent and surrounding structures and relative to location and topography.

Section 6.02. Advance Approval Required. All construction (which term shall include within its definition: staking, clearing, excavation, grading and other site work) or modification (except interior alterations not affecting the external structure or appearance of any building) including plantings or removal of plants, trees or shrubs shall not take place except in strict compliance with this Article, until the requirements below have been fully met and written approval of the Architectural Review Board ("ARB") has been obtained pursuant to Section 6.03 below. Unless approved in accordance with this Article, no structure, including, but not limited to: fences, porches, patios, decks, privacy walls, gates, pools, whirlpools or other pools, and awnings shall be placed, erected or installed upon any Lot and/or Dwelling Unit.

Unless otherwise approved by the ARB, all improvements constructed on any portion of Hattie Creef Landing shall be designed by and built in accordance with the plans and specifications of an approved licensed architect and an approved licensed general contractor. For the purposes of this Article, an "Approved Licensed Architect" and "Approved Licensed General Contractor" shall mean an architect or general contractor properly licensed who has made application and has been approved by the ARB. The requirements and procedure for becoming an approved architect or general contractor shall be determined by the ARB.

Section 6.03. Architectural Review Board. During the Declarant's Rights Period, the Declarant retains the right to determine the composition and appointment of all members of the ARB. Thereafter, all appointments shall be made by the Board.

Responsibility for administration of the Hattie Creef Landing Architectural Guidelines and review of all applications for construction and modifications under this Article VI shall be handled by the ARB. The members of the ARB need not be Owners within Hattie Creef Landing and may but not need include: architects, engineers or similar professionals, whose compensation, if any, shall be established and remitted from time to time by the Declarant. The Declarant may establish reasonable fees to be charged by the ARB for review of applications hereinafter and may require such fees to be paid in full prior to review of any application.

Section 6.04. Guidelines and Procedures. The Declarant has prepared the initial design and development guidelines and applications and review procedures (the "Architectural Guidelines") which shall be applicable to all construction activities within Hattie Creef Landing, intended use, a copy which is attached and incorporated here as EXHIBIT B.

The ARB shall have sole and full authority to reasonably amend the Architectural Guidelines from time to time without the consent of the Association, provided said amendments are consistent with the Statement of Purpose set forth within this Declaration. Subsequent to the Declarant's Rights Period, any amendments to the Architectural Guidelines may be either proposed by the ARB to the Association or may be proposed initially by the Association and any adoption thereafter must be by a majority vote of the Board.

The ARB shall make the Architectural Guidelines available to Owners and approved Architects and General Contractors who seek to engage in any development and construction in Hattie Creef Landing and all such persons shall conduct their activities in strict accordance with the Architectural Guidelines. A written document acknowledging receipt of the Architectural Guidelines shall be signed by the appropriate General Contractor prior to commencement of any construction activity. All Owners, Architects, General Contractors, sub-contractors, materialmen and their agents shall conduct their activities strictly in accordance with the Architectural Guidelines.

Any amendments to the Architectural Guidelines as may be reasonably adopted from time to time by the ARB in accordance with this Section 6.04 shall apply to construction and modifications commenced after the date of such amendment only, and shall not require modifications or removal of structures previously approved by the ARB once the approved construction or modification has commenced.

The ARB may promulgate from time to time detailed standards and procedures governing its area of responsibility and practice. In addition thereto, the following shall apply: plans and specifications showing the nature, kind, shape, color, size, materials and location of any proposed construction and any modification, addition or alteration to any prior approvals shall be submitted to the ARB for approval as to quality of workmanship and design and as to harmony of external design with existing structures, and as to location in relation to surrounding structures, topography and finishing grade elevation.

The plans to be submitted must include site plans which depict all access streets and walkways, pathways, and other exterior improvements, grading drainage plan, fill plan, if any, indicating runoff, foundation plan, exterior and lighting plan. The architectural drawings submitted must include total enclosed heated/air conditioned square footage, the floor plans, including an exact computation of the square footage of each floor and drawn to the scale of one quarter inch equals one foot, elevation drawings for all sides which shall indicate existing grade, fill and finished floor elevation, detailed drawings of typical wall sections and any other extra features, and a complete identification of colors and materials, including shingles, siding and color. The plans shall also include a landscaping plan shown in detail the proposed plantings and method of maintenance.

At time of submission, three sets of plans shall be submitted along with a review fee of \$200.00 and a deposit of \$1000.00 with the completed ARB application form. Construction of all improvements must be completed within eight months from the date the ARB grants an applicant approval. The deposit shall be returned upon the completion of all improvements and installation of the landscaping.

Section 6.05. Non-Precedential Nature of Approvals. Each applicant acknowledges that the composition of the ARB will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Architectural Guidelines may reasonably vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the ARB may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or Dwelling Unit shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval.

Section 6.06. No Waiver of Future Approvals. The approval of the ARB of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARB, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

Section 6.07. Basis for Decision and Variance. The ARB shall approve or disapprove any application in its reasonable discretion, based primarily on adherence with the Architectural Guidelines; however, the ARB reserves the right to grant variances based on architectural merit and on existing landscape conditions. The ARB may also consider the nature, kind, shape, height of materials and location of the proposed improvements, harmony with surrounding structures and topography, and other factors including purely aesthetic considerations, which in the sole opinion of the ARB will affect the desirability or suitability of the construction.

Section 6.08. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the ARB shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications or for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the ARB or the Association, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Dwelling Unit.

Section 6.09. Enforcement. Any construction, alteration or other work done in violation of this Article or in a manner inconsistent with the application approved by the ARB shall be deemed to be nonconforming. Upon written request from the ARB ("Notice of Nonconformity"), an Owner shall, at his own cost and expense, promptly remove the nonconformity and restore the property to substantially the same condition as existed prior to the creation of the nonconformity or make any necessary corrections. In the event an Owner is in disagreement as to the Notice of Nonconformity, then the Owner has the right to request a hearing before a three-member panel designated by the ARB provided the Owner delivers written notice for request of hearing to the Secretary of the Association no later than ten (10) days from the date the Owner received the Notice of Nonconformity. Upon receipt of any request for hearing, the Secretary of the Association shall thereafter calendar a hearing not neither less than seven (7) days nor more than fifteen (15) days before the ARB. Subject to procedures as may be established by the ARB, any Owner may appeal the ARB's decision to the Board. The Board at its election may either calendar a further hearing or uphold, modify or reverse the decision of the three member panel of the ARB and said decision by the Board shall be final. Upon issuance of the Notice of Nonconformity, all construction shall be stayed pending compliance by the Owner or resolution by the ARB or review and final decision by the Board. In accord, a stop-work order may be posted on the Owner's property by the ARB. Should an Owner fail to remove and restore any

nonconformity as required hereunder, the Association or its designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as existed prior to the construction, alteration or other work. All costs, together with the interest at the maximum rate then allowed by law, including reasonable attorney's fees allowed by the Act, may be assessed against the nonconforming Lot or Dwelling Unit and collected as an Individual Assessment pursuant to Section 8.04.

Any Hattie Creef Landing contractor, subcontractor, agent, employee or other invitee of a Hattie Creef Landing Owner who fails to comply with the terms and provisions of this Article may be excluded from any work on improvements at Hattie Creef Landing, subject to the notice and hearing procedures established by the ARB. In such event, neither the Association, its officers nor directors shall be held liable to any person for exercising the rights granted by this Section.

In addition to the foregoing, the ARB shall have the authority and standing, on behalf of the Association, to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the ARB.

Article VII Use Restrictions

Section 7.01. Purpose. In order to preserve the natural setting and beauty of Hattie Creef Landing, and to establish and preserve a harmonious and aesthetically pleasing design pursuant to Architectural Guidelines promulgated by the Association, and to protect and promote the value of all properties within Hattie Creef Landing, each Lot and Dwelling Unit.

Section 7.02. General Provisions. All Lots within Hattie Creef Landing shall be used for only single family, non-transient residential purposes consistent with this Declaration. The Use Restrictions provided herein are not intended to interfere with the interior confines of Dwelling Units, except that the Association with approval of the Board may reasonably restrict or prohibit the following activities not normally associated with residential or home office. Except as otherwise provided herein, no business activity or trade of any kind shall be conducted within any Dwelling Unit, except that an Owner residing in a Dwelling Unit on a Lot may conduct business activities within the Dwelling Unit as long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Property who do not reside in the Property or door to door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, a hazardous or offensive use or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board. The term "business" and "trade" as used in this Section, shall be construed to have the ordinary, generally accepted meanings, and shall include without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provisions of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether such activity is engaged in full or part time, such activity is intended or does generate a profit; or a license is required therefore.

Section 7.03. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any portion of the Property or in any Dwelling Unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, that they do not create a nuisance (in the judgment of the Board), such as, but without limitation, by number, noise, odor damage or destruction of property or refuse and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina, Dare County, or other applicable governmental entity relating thereto; and (ii) such rules and regulations pertaining thereto as the Board may adopt from time to time. In no event shall more than three dogs and/or three cats be regularly kept on any Lot or in any Dwelling Unit, except for newborn offspring of household pets, which are under nine (9)

months of age. Notwithstanding the foregoing, Pitbulls are expressly prohibited, and the Association shall have the right to prohibit or require the removal of, any dog or animal, which after consideration of factors such as size, breed, disposition of the animal, interference by the animal with the peaceful enjoyment by other Owners of their Lots and the security measures taken by the Owner with respect to such animal, the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard. Every person owing or having possession, charge, care custody or control of any dog shall keep such dog exclusively upon his own Lot; provided however, that such dog may be part of the Lot if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.

Section 7.04. Antennae. No exterior antennae, earth satellite station, microwave dish or other similar improvements may be constructed, placed, maintained or allowed to remain on any Lot or Dwelling Unit (or on any Improvement) other than a "Reception Device". As used herein, a Reception Device shall refer to a satellite dish or other device designed to receive video programming or antenna designed to receive over-the-air broadcast signals from local television stations. The use of a Reception Device is allowed, but will be limited as follows: (i) a Reception Device thirty-nine (39) inches or small in diameter is allowed, and Reception Devices larger than one meter are prohibited; (ii) Reception Devices must be installed on the Dwelling Unit in an inconspicuous location (so long as the quality of reception is not impaired); (iii) for safety purposes, no Reception Device may be installed that would extend higher than twelve (12) feet above the roofline of the Dwelling Unit without approval from the Architectural Review Board; (iv) for safety purposes, Reception Devices shall not be installed closer to an adjacent Dwelling Unit than the total height of the Reception Device; (v) the Owner of the Dwelling Unit upon which the Reception Device is located shall be solely responsible for the maintenance, repair, upkeep and all other costs associated with the Reception Device, including any medical expenses incurred by an person injured by the use of such Reception Device; and (vi) the Reception Device should be painted an appropriate color to match the surrounding environment if it would not unreasonably increase the cost of the Reception Device. If any provision of this Section 7.04 is found to be invalid, the remainder of these provisions shall remain in full force and effect.

Section 7.05. Attachments. No permanent attachments of any kind or character whatsoever shall be made to the roof or exterior walls of any Dwelling Unit unless such attachments shall have been first submitted to and approved by the ARB; provided, however, "Reception Devices" (as defined in Article 7.04 herein) may be attached to the roof or exterior wall of a Dwelling Unit without approval by the ARB. No outdoor clotheslines shall be allowed on any Dwelling Unit or Lot. Window air-conditioning units are not allowed. All components of HVAC systems located outside a Dwelling Unit must be screened by lattice and planted vegetation, which vegetation must be maintained.

Section 7.06. Lawn Furniture and Statues. No lawn furniture or decorative items, such as statuettes or renderings of animate or inanimate objects shall be maintained in the front or side yards of any Lot or Dwelling Unit unless shielded from view by landscaping, a fence or a wall approved in advance in writing by the ARB.

Section 7.07. Nuisances, Unlawful Use and Quiet Enjoyment. No nuisance or immoral, improper, offensive or unlawful use shall be permitted to exist on any property within Hattie Creef Landing.

Section 7.08. Pest-Control. All Dwelling Units must be subject to an agreement for periodic pest-control. All pest-control measures must be environmental friendly with the lowest chemicals allowed and any measures, which can be performed by organic means, shall be the method of treatment. Further, organic pest control measures if available must be performed on the soil of a Lot prior to commencement of any construction.

Section 7.09. Recreational Vehicles. Neither a motorboat, houseboat or other similar waterborne vehicle, nor any airplane, nor any travel trailers, other trailers or "camper" vehicles may be maintained, stored or kept on any portion of the Property, except in (i) enclosed garages or (ii) in area(s) specifically approved and with screens or covers as specifically approved by the

Declarant or ARB (in the absence of approval or disapproval by Declarant).

Section 7.10. Rules of the Association. All Owners and occupants of Lots or Dwelling Units shall abide by all rules and regulations adopted by the Association from time to time.

Section 7.11. Time Sharing. No time-share ownership of property is permitted in Hattie Creef Landing. For purposes of this section, the term "Time-Share Ownership" shall mean a method of ownership of an interest in a property under which the exclusive right of use, possession or occupancy of the property circulates among the various Owners on a periodically reoccurring basis over a scheduled period of time.

Section 7.12. Compliance Provisions.

(a) Owner's Responsibility. Each Owner and Owner's family members, guests and tenants shall conform and abide by the Use Restrictions contained in this Declaration and any Rules and Regulations, which may be adopted from time to time by the Association. Each Owner shall be responsible for assuring such compliance, and any violation by family members, guests or tenants may be considered to be a violation by the Owner.

(b) Notice, Hearing and Fines. Unless otherwise provided (as in Articles VI and Article IX), any Owner who is believed to be in violation of this Declaration, or any Rules and Regulations adopted by the Board, shall be sent a "Notice of Violation" setting forth the violation and any requested action. Upon receipt of a Notice of Violation, the Owner may either take the corrective action set forth within the Notice of Violation or in the event an Owner is not in agreement with the terms of the Notice of Violation, the Owner has the right to a hearing before the Board provided the Owner delivers written notice for request of hearing to the Board no later than ten (10) days from the date the Owner received the violation. Upon receipt of any request for hearing, the Secretary of the Association shall thereafter calendar a hearing not less than seven (7) days nor more than thirty (30) days before the Board. If it is determined that the Owner is in violation and a fine shall be imposed, a single fine not to exceed \$100.00 may be imposed for the violation up to the time of the hearing and without further hearing, for each day after the decision by the Board that a violation has occurred. Any fines levied shall be charged against the Owner's property as an Individual Assessment pursuant to Section 8.04. The provisions provide herein for notice and hearing only apply to those matters which could result in an individual assessment being levied and do not apply to any other type of assessments.

(c) Additional Remedies. All remedies listed in this section are non-exclusive and may be applied cumulatively.

Article VIII Assessments

Section 8.01. Creation of Assessments, Personal Obligation and Lien. Each Owner, other than the Declarant hereby covenants and agrees to all the covenants, easements and restrictions of this Declaration and to pay to the Association:

- (1) annual assessments or charges;
- (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) individual assessments levied against an Owner to reimburse the Association for extra costs for maintenance and/or repairs caused by the failure of such Owner to maintain such Owner's individual Lot or Dwelling Unit and Improvements thereon, or assessments and charges to be fixed, established and collected as hereinafter provided; together with the costs, fees and expenses including reasonable attorneys' fees (the "costs of collection") incurred by the Association

incidental to the enforcement of any Rules and Regulations, collection of assessments or collection of damages or charges arising under the Governing Documents. All assessments together with interest and late payment fees, and any costs of collection shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Unit against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be a personal and continuing obligation of the person or persons jointly and severally, who is (are) the Owner (s) of such Lot or Dwelling Unit at the time when the assessment fell due.

An Owner's personal obligation for payment of such assessments shall not pass to such Owner's successors in title unless expressly assumed by them, but the lien against such Owner's Lot or Dwelling Unit as established in this Declaration shall continue in effect (unless terminated as otherwise provided herein). No Owner shall be exempt from liability for any assessment provided for herein by reason or non-use of such Owner's Lot or Dwelling Unit or the Common Area. This Declaration shall, pursuant to Section 6-21.2 of the North Carolina General Statutes, constitute an evidence of indebtedness with respect to the obligation to pay each assessment provided for herein.

Section 8.02. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, security, safety and welfare of the residents of Hattie Creef Landing and in particular for the improvement, maintenance and replacement of the Hattie Creef Landing Court, landscaping in the Common Areas and the dunes steps and small deck over the dunes leading from the Pedestrian Access to the Atlantic Ocean.

Section 8.03. Initial Maximum Annual Assessment and Annual Assessment. The initial maximum annual assessment for the calendar year 2005 shall be the sum of \$600.00 for each Owner which will be remitted on a quarterly basis in equal installments of \$150.00. The maximum annual assessment for each successive calendar year thereafter shall be established by the Board subject to Article VIII. Within thirty (30) days after adoption of the yearly budget, the Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. A quorum need not be present at such meeting, and the budget is ratified unless at that meeting the Owners entitled to exercise fifty-one percent (51%) of the votes in the Association reject the budget. In no event may the Board or membership of the Association decrease the amount of the annual assessment for any calendar year from the amount of the annual assessment for the previous calendar year.

Section 8.04. Individual Assessment. An Individual Assessment may be levied against any Owner to reimburse the Association for costs incurred in bringing the Owner and/or such Owner's Lot or Dwelling Unit into compliance with the Governing Documents, provided such Individual Assessment may only be levied on the affirmative vote of the Board, after notice of an opportunity for hearing has been provided to the Owner pursuant to the applicable provisions of either Section 6.09, Section 7.12 or Section 9.03.

Section 8.05. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien, Remedies of Association. If the assessments are not paid on the date due, then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot or Dwelling Unit. The personal obligation of the Owner to pay such assessment shall remain his personal obligation for the statutory period and shall be binding on any successor in interest.

If the assessment or assessments are not paid within thirty (30) days after the delinquency date, the assessment or assessments shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law, and the Board acting on behalf of the Association may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot or

Dwelling Unit and there shall be added to the amount of such assessment, the costs of such action and reasonable attorney's fees as allowed by the Act or other cost incurred by the Association. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment at the maximum rate permitted by law and a reasonable attorney's fee as allowed by the Act together with the costs of the action.

Article IX Maintenance

Section 9.01. Responsibilities of Owners. Each Lot or Dwelling Unit Owner shall be responsible for all maintenance and repair of his Lot and/or Dwelling Unit together with all other improvements thereon or therein and all landscaping in conformance with the Landscaping Plan approved by ARB pursuant to Section of the Architectural Guidelines.

Section 9.02. Responsibilities of the Association The Association shall maintain and keep in good repair the Common Areas consisting of Hattie Creef Landing Court, any landscaping of the Common Areas, the subdivision sign and the steps and small deck over the dunes from the Pedestrian Access leading to the Atlantic Ocean.

Section 9.03. Compliance. The Association shall have the right but not the obligation to cure any maintenance deficiencies of an Owner (including but not limited to external care of windows, siding and roofing) in which event the Association shall give a "Notice of Maintenance" to the Owner setting forth those matters in need of repair and requesting the same be addressed and said repairs completed within thirty (30) days from the date of said notice. Upon timely written request by an Owner to the Secretary of the Association, the ARB shall give consideration to any reasonable request by the Owner for an extension to complete said repairs beyond thirty (30) days. In the event an Owner is in disagreement as to the need for repairs or corrections requested within the Notice of Maintenance, then the Owner has the right to request a hearing before a panel of three Members designated by the ARB provided the Owner delivers written notice for request of hearing to the Secretary of the Association no later than ten (10) days from the date the Owner received the Notice of Maintenance. Upon receipt of any request for hearing, the Secretary of the Association shall thereafter calendar a hearing not less than seven (7) days and no more than thirty (30) days before the ARB. Subject to procedures that may be established by the Association, any Owner may appeal the ARB's decision to the Board. The Board in its election may either calendar a further hearing or uphold, modify or reverse the decision of the three member panel of the ARB and said decision by the Board shall be final. Should an Owner fail to make those repairs as set forth within the Notice of Maintenance, then the Association or its delegate agent shall have the authority to enter upon the Owner's property to repair and restore the Lot and/or Dwelling Unit and if necessary, make exterior repairs. All costs together with interest at the maximum rate permitted by law, including reasonable attorney fees as allowed by the Act may be assessed against the Owner's property and collected as an Individual Assessment pursuant to Section 8.04.

Article X Easements

Section 10.01. Easement Reserved by Declarant. Declarant, and the Association, for itself, its successors and assigns, and its agents, contractors, and employees reserves a perpetual, alienable, and releasable easement on, over and under the Property (and including all Dwelling Units, Lots and Common Property) for installation, maintenance, repair, replacement, use, operation and removal of utilities (including, without limitation, electric, telephone and cable television) and related appurtenances and equipment (including without limitation, wires, poles, pipes, transformer boxes and conduits), stormwater and drainage facilities and soil and water impoundments. Provided, however, no easement hereby reserved shall be applicable to any portion of a Lot used as building site or approved use as building site by the ARB. Full right of ingress and egress shall be had by Declarant at all times over the Lots and Dwelling Units or Common Areas or Limited Common Areas (other than the portions thereof used or approved as building sites) for the impoundments.

Section 10.02. Easement Reserved for The Association.

(a) Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot or Dwelling Unit for the Maintenance and repair of each Lot or Dwelling Unit in accordance with the provisions hereof and for the carrying out by the Association of its rights, powers duties and obligations hereunder; provided that any such entry by the Association upon any Lot or Dwelling Unit shall be made with a minimum inconvenience to the Owner as reasonably practicable, and any damage caused as a result of the negligence of the Association's employees or agents shall be repaired by the Association at the expense of the Association.

(b) In addition to the foregoing, and in order to implement effective and adequate erosion control, the Association, and its contractors, employees and agents, shall have the right to enter upon any portion of any Lot or Dwelling Unit before and after Improvements have been constructed thereon for the purpose of performing any grading or landscaping work or constructing, repairing, replacing, using and maintaining erosion control devices; provided however, no such activities shall interfere with any permanent Improvements constructed on any such Lot or Dwelling Unit (which Improvements have been approved by the ARB). If the need for erosion control results from the construction of Improvements on any portion of an Lot or Dwelling Unit or any excavation, grading, removal, reduction, addition or clearing of any Lot or Dwelling Unit or portion thereof, the cost of any such work performed by the Association for the purpose of implementing effective and adequate erosion control shall be assessed against the Owners of Lot or Dwelling Unit on which such corrective action is necessary on a Lot or Dwelling Unit, prior to exercising its right to enter upon such Lot or Dwelling Unit and performing any grading or landscaping work or constructing or maintaining erosion prevention devices, the Association shall give the Owner of such Lot or Dwelling Unit written notice of and the opportunity to take the corrective action specified in the notice, the Association may then exercise its right to enter upon the Lot or Dwelling Unit and take or complete the necessary corrective action.

Section 10.03. Ocean Access. Ocean access for purposes of ingress and egress and access to the Atlantic Ocean shall be via those designated Pedestrian Access Easement shown on the Subdivision Plat.

Section 10.04. North Carolina Division of Environmental Management Water Quality Section Stormwater Regulations. As a condition to the North Carolina Stormwater Management Permit No. SW7 050106 issued by the Division of Water Quality for Hattie Creef Landing, the following covenants may not be changed or deleted without the consent of the North Carolina Division of Environmental Management Water Quality Section (the "DEM").

(a) The allowable built-upon area per lot shall not exceed that square footage designated by DEM, a copy of which is attached on EXHIBIT C inclusive of that portion of the right-of-way between the front lot line and the edge of the pavement, structures, walkways of brick, stone, slate, not including wood decking.

(b) Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with any development except for average driveway crossings, is strictly prohibited by any persons.

Article XI

Insurance: Repair and Restoration

Section 11.01. Right to Purchase Insurance. The Association shall purchase, carry and maintain in force insurance covering any part or all of the Common Area, Landscaped Rights-of-Way and any improvements thereon or appurtenant thereto and any other property of the Association, for the interest of the Association, the Board, its agents and employees. Declarant and its officers and employees, and of all Members of the Association, in such amounts and with such endorsements and coverage as the Board shall consider to be good, sound insurance coverage for similar properties. Such insurance may include, but need not be limited to:

(a) comprehensive public liability and property damage (hazard) insurance on a broad form basis with respect to the Common Area and/or Landscaped Rights-of-Way with coverage of at least One Million and No/1 00 Dollars (\$1,000,000.00) for public liability and in an amount of at least eighty percent (80%) of replacement cost coverage for hazard insurance;

(b) coverage for the personal liability (if any) of the Declarant (and its officers, agents, employees and servants), the Board (and the individual members thereof), the officers of the Association, the ARB and other committees appointed by the Board, the Owners and Members;

(c) Fidelity bond for all officers and employees of the Association and other Persons having control over the receipt of disbursement of Association funds; and

(d) Worker's compensation insurance to the extent necessary to comply with all applicable laws.

Section 11.02. Insurance Proceeds. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance recovered to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Area and/or Landscaped Rights-of-Way.

Section 11.03. Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment in the manner provided for in this Declaration, to cover the deficiency.

Article XII Miscellaneous Provisions

Section 12.01. Duration. This Declaration and the terms, covenants, provisions set forth herein shall run with and bind the Property and shall inure to the benefit of every Owner of a Lot in the Property, including Declarant, and their respective heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded and including December 31, 2035. Beginning on and including January 1, 2036, the easements, covenants, conditions and restrictions herein shall be automatically extended for successive period(s) of ten (10) years each unless, at duly called annual or special meeting of the Association at which a quorum is present held prior to the expiration of the applicable time period, termination of this Declaration is approved by the affirmative vote of seventy-five percent (75%) or more of the votes entitled to be cast by the Members present or represented by proxy. A vote by the membership on termination of this Declaration may be held only upon presentation to the Association of a petition for termination signed by Members possessing no less than twenty-five percent (25%) of the total eligible vote of the membership of the Association, which petition, in the case of an annual meeting of the Association, shall be presented to the Association prior to the date that notice of the annual meeting is sent to the Members. The Association shall give written notice of any annual or special meeting, at which termination of this Declaration is to be considered and voted upon to all Owners at least thirty (30) days in advance of the date of such meeting, which notice shall set forth that termination of this Declaration will be considered and voted upon at such meeting. If the membership votes to terminate this Declaration, such termination shall be effective upon the expiration of the then applicable time period for which the Declaration is in existence, or shall be effective on such date thereafter as may be specified in the resolution of termination passed by the membership as required herein (it being the intention of this Section, notwithstanding anything to the contrary appearing herein, that if the membership has voted to terminate this Declaration, the membership may set a date of termination that may result in this Declaration continuing to be in effect for a period of less than ten (10) years following the expiration of a preceding time period in which this Declaration was in effect). The quorum required at the annual or special meeting at which termination of this Declaration is to be considered by the membership pursuant to the

petition filed with the Association shall be the presence of Members plus proxies entitled to cast sixty percent (60%) or more of the total vote of the membership. If such quorum is not present, subsequent meeting(s) may be called until a quorum is present, subject to the same notice requirements, and the required quorum at such subsequent meeting(s) shall be one-half (1/2) of the required quorum at the immediately preceding meeting.

If the Members vote to terminate this Declaration in accordance with the foregoing requirements, then the President and Secretary of the Association shall execute in recordable form a certificate which shall set forth at least the following information: the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting, was given, the total number of votes required to constitute a quorum at such meeting; the total number of votes present at such, meeting; the total number of votes necessary to adopt the resolution terminating the Declaration; the total number of votes cast in favor of such resolution; and the total number of votes cast against the resolution. Such certificate shall be recorded in the Dare County, North Carolina Registry no later than thirty (30) days following the date such resolution of termination is passed by the membership, and such certificate may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 12.02. Amendment. Subject to the limitations hereinafter contained, this Declaration or any Supplemental Declaration hereto may be amended or modified at any time prior to December 31, 2035 by an instrument signed by the Owners entitled to exercise not less than seventy five (75%) of the total votes in the Association as set forth in this Declaration. All amendments to this Declaration must be recorded in the Public Registry of Dare County Court of North Carolina and shall not become effective until recorded.

Section 12.03. Remedies. Declarant, the Association, and every Owner shall have the right to enforce the terms, covenants, conditions, restrictions, easements, charges and liens for which provision is made in this Declaration, which enforcement shall be by any proceeding at law or in equity (or otherwise, as provided in this Declaration) against any Person violating or attempting to violate any such term, covenant, condition, restriction, easement, charge or lien either to restrain violation or to recover damages, and against the land, to enforce any lien created by these covenants; and failure by the Association, Declarant or any Owner to enforce any such term, covenant, condition, restriction, easement, charges or lien shall in no event be deemed a waiver of the right to do so thereafter or a waiver of any other or future violation of any of same.

Section 12.04. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 12.05. Notice. Except as otherwise provided herein, whenever written notice to an Owner (including Declarant) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner appearing on the records of the Association. If notice is given in such manner, such notice shall be conclusively deemed to have been given by placing same in the United States mail properly addressed, with postage prepaid, whether received by the addressee or not. It shall be the duty of each Owner to keep the Association informed of such Owner's current mailing address and telephone number. The Association may use the address of such Owner's Lot listed with the Dare County Tax Office.

Section 12.06. Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or Board, will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive.

Section 12.07. No Trespass. Whenever the Association, Declarant, the ARB, and their respective successors, assigns, agents or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve or do any other action within any portion of Hattie Creef Landing, the entering thereon and the taking of such action shall not be deemed to be trespass.

Section 12.08. Successors of the Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by instrument in writing and recorded in the Dare County Registry.

Section 12.09. Combination of Lots. One or more Lots may be combined into a single Lot with the written consent of Declarant and, upon such combination and consent of the Board, the resulting Lot shall be considered as one Lot for the purposes of this Declaration, except the assessments for that Lot will increase and the Lots that have been combined.

Section 12.10. Laws of North Carolina and the United States. This Declaration shall be subject to and construed in accordance with the laws of the State of North Carolina and all applicable laws and regulations of the United States of America.

IN WITNESS WHEREOF, the Declarant has executed this Declaration and acknowledged.

DECLARANT:

HATTIE CREEF LANDING, LLC

By: Michael V. Pugh (SEAL)
Michael V. Pugh

DARE COUNTY
NORTH CAROLINA

I, Diana B. Wise, a Notary Public of the County and State aforesaid, certify that Michael V. Pugh, personally appeared before me this day and acknowledged that he is Manager of Hattie Creef Landing, LLC a North Carolina limited liability company, and that by authority duly given and as the act of the Company, the foregoing instrument was signed in its name by him as its Manager

Witness my hand and official stamp or seal this the 25th day of July, 2005.

Diana B. Wise (SEAL)

My commission expires: MAY 17, 2007

