

NORTH CAROLINA
DARE COUNTY

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
SWAN VIEW SHORES

ESSEX COUNTY
REGISTER OF DEEDS
WILMINGTON, N.C.

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS made and entered into this 22nd day of May, 1989, by Swan View Shores, Inc., hereinafter referred to as Developer:

W I T N E S S E T H :

WHEREAS, Developer is the owner of the real property described in Article One of this Declaration and desires to create thereon an exclusive residential community known as Swan View Shores (the "Development") with Common Areas for the benefit of the Community; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities in Swan View Shores and for the maintenance of the Common Areas and, to this end, desires to subject the real property described in Article One to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner thereof; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values and amenities in Swan View Shores, to create an agency to which would be delegated and assigned the powers of maintaining and administering the Common Areas and administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has caused to be incorporated under the laws of the State of North Carolina, a non-profit corporation, Swan View Shores Homeowners Association, Inc., for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, the Developer declares that the real property described in Article One, and such additions thereto as may hereafter be made pursuant to Article One hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the terms and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions" or "This Declaration") hereinafter set forth.

ARTICLE ONE

PROPERTY SUBJECT TO THIS DECLARATION

SECTION 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration (the "Existing Property") is located in Dare County, North Carolina, and is more particularly described as follows:

All that real property shown on map or plat entitled in part "Swan View Shores" by Bissell & Associates recorded in Plat Cabinet C, Slides 79A through 79E, Dare County Public Registry.

SECTION 2. Additional Properties. Developer reserves the right to add additional properties to and to subject additional properties to this Declaration ("The Additional Properties"). These shall be properties located on Big Colington Island.

ARTICLE TWO

DEFINITIONS

SECTION 2. The following words when used in this Declaration or any supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to the Swan View Shores Homeowners Association, Inc.; and "By-Laws" shall mean and refer to the By-Laws of the Association.

(b) "Board" shall mean and refer to the Board of Directors of the Swan View Shores Homeowners Association, Inc.

(c) "Common Areas" shall mean and refer to all areas denominated as Common Areas on the aforereferenced map or plat and all roads as shown on the aforereferenced subdivision plat.

(d) "Living Area" shall mean and refer to those heated and/or air conditioned areas within a Living Unit which shall not include garages, carports, porches, patios, or storage areas.

(e) "Living Unit" shall mean and refer to any building or portion of a building, situated upon any Lot, which is a part of The Properties, designed and intended for use and occupancy as a residence by a single family.

(f) "Mobile Home" shall mean and refer to a modular unit, including double wide and triple wide units, build on a chassis, designed to be used as a dwelling, with or without permanent foundation.

(g) "Lot" shall mean and refer to any plot of land within The Properties shown upon any recorded subdivision map of The Properties, or any portion thereof, with the exception of Common Properties as heretofore defined.

(h) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article Five, Section 1, hereof.

(i) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon The Properties, but notwithstanding any applicable theory of any lien or mortgage law, shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgage or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(j) "The Properties" shall mean and refer to all Existing Property and any Additional Properties of Developer as are subject to this Declaration or any Supplemental Declaration under the provisions of Article One hereof.

(k) "The Developer" shall mean and refer to Swan View Shores Partnership and any person or entity who is specifically assigned the rights and interests of Swan View Shores.

(l) "Common Expense" shall mean and refer to:

(i) Expense of administration, maintenance, improvement, repair or replacement of the Common Areas;

(ii) Expense declared Common Expense by the provisions of this Declaration or the By-Laws;

(iii) Expense agreed upon as Common Expense by the Association and lawfully assessed against Owners of Lots in accordance with the By-Laws;

(iv) Any valid charge against the Association or against the Common Properties as a whole.

ARTICLE THREE

GENERAL PROVISIONS

SECTION 1. Duration. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the lands and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, of the Developer for a period of twenty (20) years from the date of this Declaration, after which time, all said covenants shall be automatically extended for

successive periods of ten (10) years, unless an instrument signed by a two-thirds (2/3) majority of the then owners of the lots has been recorded, agreeing to change said covenants in whole or in part, provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

SECTION 2. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, prepaid, Certified Mail - Return Receipt Requested, to 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 to a Lot is held by more than one, shall constitute notice to all Owners of a Lot.

SECTION 3. Enforcement. In the event of any violation or breach of any of the restrictions contained herein by any Property Owner or agent of such Owner, the Developer, its successors or assigns, or the Owners of Lots within the Development, or the Swan View Shores Homeowner's Association, Inc., or any of them, jointly or severally, shall have the right to proceed in law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach of any of the restrictions set out above. The failure to enforce any right, reservation or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restriction contained in this Declaration shall in no way affect any of the other restrictions, but they and each of them shall remain in full force and effect.

ARTICLE FOUR

RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION AND OWNERS

SECTION 1. Permissible Uses. No Lot shall be used except for residential purposes and no building of any type shall be erected, altered, placed, or permitted to remain on any residential Lot other than one detached single-family dwelling, garage, swimming pool, or tennis court, for the private use of the owner or guests of said owner, which shall comply with all applicable zoning regulations at time of construction. The dwelling shall be constructed prior to or simultaneously with any garage, swimming pool or tennis court. No Lot shall be used for access to any adjoining lot or other property. When an Owner acquires two or more adjoining Lots then, and in that event, the adjoining one or more lots may be used as one building site and the side lot lines and easements referred to herein shall apply to the outside perimeter line of the combined Lots. Each building erected upon said Lot shall have the exterior completed within six (6) months after construction shall have commenced and failure to complete the exterior of such building within the six (6) months period shall operate as a forfeiture of architectural approval granted, at the option of the Developer or its successors and thereon said partnership or its agents shall have the right and privilege to go upon the premises with such labor and materials as are necessary and complete the same and such shall operate as a primary lien against the structure and Lot upon which it is located. No business or business activity may be carried on upon any residential property at any time provided, however, that nothing shall preclude the Developer, its subsidiaries, affiliates, agents and employees from using all or part of the dwellings owned by or rented by them for the purpose of carrying on business directly related to the Development, management and/or sale of Lots and homes in Swan View Shores. Notwithstanding the above, a twenty (20) foot access easement may be granted across Lot 40, for access to adjoining properties.

SECTION 2. Utilities and Easements. The Developer reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric and telephone systems, cable television service, and any other public or private utility service, and conduits for the purpose of binding public services to the Properties, on, in or over an area within ten (10) feet of each Lot line fronting on a street or where a Lot line abuts a right of way or boundary line,

five (5) feet along the side lines of each Lot, and ten (10) feet along the rear line of each Lot, and such other areas as are shown on any recorded plats of The Properties. The Developer reserves unto itself, its successors and assigns, perpetual, alienable and releasable easements within the Development and the right on, over and under the ground to cut drainways for surface water and make any grading of the soil whenever and wherever such action may appear to the Development Partnership to be necessary to maintain reasonable standards of health, safety and appearance. In the event of any additions to The Properties, as provided in Article One, by the Developer, these easements created hereby shall exist on the Lots in such additional units. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, take or add any soil, or take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance. Developer reserves unto itself, in its sole discretion, the right to grant these easement rights to any other public or private utility.

SECTION 3. Minimum Square Footage and Setback Requirements. In no event shall any residential building located on Lots 1 through 28 contain less than 1,200 square feet of "Living Area". In no event shall any residential building located on Lots 47, 50, 51 and 52 contain less than 1,400 square feet of living area. In no event shall any residential building located on Lots 29 through 40, inclusive, and Lots 48 and 49 contain less than 1,600 square feet of "Living Area". No building, including porches, eaves, steps and similar fixtures shall be located on any Lot within twenty-five (25) feet of the front line nor closer than ten (10) feet from the sidelines thereof, nor closer than twenty (20) feet from the rear property line or twenty (20%) percent of the lot depth, whichever is less. Side setbacks on the road will be fifteen (15) feet. Notwithstanding anything contained above, no soundfront residential building, including decks and eaves may be within thirty (30) feet of the mean highwater mark of the Roanoke Sound.

SECTION 4. Temporary Structures and Limitations on Use. No structures of a temporary nature may be placed upon any portion of The Properties at any time. Temporary shelters, tents, travel trailers, campers or self-propelled mobile homes may not at any time be used as a temporary or permanent residence. Campers, travel trailers, boat trailers, self-propelled mobile homes and other vehicles of that nature may be stored on a Lot, provided that they do not constitute a visual nuisance and are stored in compliance with the setback requirements of Section 3 above. No mobile homes shall be permitted to remain on any portion of The Properties, either temporarily or permanently.

SECTION 5. Driveways. Prior to the commencement of construction of improvements or clearing of any Lot, other than by hand, the Owner shall place a temporary clay or permanent clay and gravel or concrete driveway to provide entry to the Lot from the road. Culverts shall be installed under the driveway if required by the Dare County Building Department.

SECTION 6. Parking. Parking on the traveled streets within the Development shall be prohibited at all times. Each Lot Owner shall provide off-street parking space for his family's use and the use of their guests. This will be constituted by a parking area large enough to park two cars, in addition to the driveway. All construction vehicles are to be parked off of the traveled streets and on the shoulder of the road or in the driveway of the Lot at all times during construction.

SECTION 7. Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive material shall be placed upon any portion of The Properties, except as is temporarily and incidental to the bona fide improvements of any of The Properties.

SECTION 8: Garbage, Mail and Delivery Boxes. Standards and guidelines for the implementation thereof for the location, material, color and design of all mail and newspaper boxes and the manner in which they shall be identified are included in the Architectural Guidelines.

Each owner shall provide receptacles for garbage in accordance with the standards established by the Developer and the Architectural Review Committee.

SECTION 9. Screening. Each Lot Owner shall provide screening from public view, approved in writing by the Developer or Architectural Review Committee, for fuel tanks, air conditioning units, water tanks, or for any other permanent facility which the Developer or Architectural Review Committee, in its sole opinion, shall require to preserve the beauty and harmony of the Development.

SECTION 10. Antennas. No television antenna, radio receiver or sender or similar device shall be attached to or installed on the exterior portion of any structure or any Lot or Common Properties within the Properties.

SECTION 11. Disposal. Prior to commencing construction of any residence, applicable permits for sewage disposal shall be obtained with the location and site of such proposed facility to be approved by the Developer or the Architectural Review Committee. No sewage disposal system shall be used unless such system is designed, located, constructed and maintained in accordance with the requirements, standards and recommendations of the appropriate public health authority. Each septic tank and nitrification field relating thereto shall be maintained in good condition so that its use and existence shall not constitute a nuisance to any other Owner.

SECTION 12. Unightly Conditions. Each Lot Owner within the Development shall maintain and preserve his lot or lots in a clean, orderly and attractive appearance within the spirit of this Development. Failure on the part of a Lot Owner to adhere to such proper, clean, orderly and attractive maintenance to his property, upon ten (10) days written notice given him by the Developer, or its successors or assigns, shall subject the Lot Owner to a suit for specific performance.

SECTION 13. Nuisances. It shall be the responsibility of each Lot Owner to maintain the exterior of his residence and the surrounding grounds of his Lot in a clean, tidy and safe manner. No Lot shall be used in whole or in part for the storage of anything which might cause such Lot to appear cluttered, unclean or obnoxious to the eye, nor shall any substance, thing or material be kept on any Lot which might emit foul or obnoxious odors, noises or other conditions that will or may disturb the serenity, safety or comfort of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any lot or shall anything be done thereon tending to create a nuisance to the neighborhood.

SECTION 14. Entry. Each Lot Owner shall keep his lot cleared of unsightly underbrush, weeds or debris and if said Lot Owner shall permit same to exist on his property and fail to remove the same within thirty (30) days after being requested to do so by the Developer, its successors or assigns, it reserves for itself and its agents the right to enter upon the Lot for the purpose of cleaning, clearing or cutting the grass, underbrush or debris, which, in the Developer's opinion, distracts from the overall beauty and natural character of the neighborhood or adversely affects the safety or health of the residents and such entrance shall not be deemed a trespass. The expenses of entry and removal shall be the personal debt of the Lots Owner(s) and shall also constitute a lien upon the lands until paid. The provisions of this section shall not be construed as an obligation of the Developer, its successors or assigns, to provide such services.

SECTION 15. Trees, Vegetation and Dunes. Any Lot Owner shall not remove, reduce, cut down or otherwise change or cause to be removed, reduced, cut down or changed, the elevation of any sand dunes or ridges or both in the Development, or trees more than five (5) inches in diameter at a point two (2) feet above the ground, or any flowering trees or shrubs above five (5) feet in height, without the express written consent of the Developer, which shall require proposals for the restabilization of any such disturbed areas.

SECTION 16. Animals and Pets. Animals, livestock or poultry of any kind shall not be raised, bred or kept on any lot except dogs, cats and other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and provided that they are under the control of their owner at all times.

SECTION 17. Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within the Properties is prohibited, unless required for public safety.

SECTION 18. Vehicles. All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise which might be offensive to others. Two (2) and three (3) wheel motorized vehicles, as well as four (4) wheeled go-cart or beach buggy type vehicles are prohibited from being used or operated on or within the Common Properties, except licensed vehicles may be used on the roads.

SECTION 19. Signs. No sign of any kind of advertising device shall be displayed to the public view on a residential lot except one sign of not more than six (6) square feet advertising the property for sale. Said sign shall be located adjacent to a driveway, ten (10) feet back on the property line and not more than three (3) feet in height, including the sign and stand. During construction, a builder's sign may be affixed to the dwelling or placed on the lot. However, it may not be more than six (6) square feet and must be removed before occupancy by the owners. All "For Rent" signs must be affixed to the structure and cannot exceed six (6) square feet. The Developer shall not be prevented from erecting such signs as may be deemed necessary to the operation of the subdivision or the normal conduct of its business, provided that any sign so erected shall be within the acceptable limits as defined by the guidelines applicable to all other Lot Owners in the subdivision.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION AND BOARD OF DIRECTORS

SECTION 1. Membership. Every person or entity who is a record owner of a fee simple interest in any Lot is subject by this Declaration to assessment by the Association and shall be a Member of the Association; provided, however, that any such person or entity to hold such interest merely as a security for the performance of an obligation shall not be a Member. The requirement of membership shall not apply to any mortgagee or trustee beneficiary acquiring title by foreclosure or otherwise pursuant to the mortgage or deed of trust instrument.

SECTION 2. Voting Rights. The Association shall have one class of voting membership and Members shall be entitled to one vote for each Lot in which they hold an interest required for membership by Section 1 of this Article. When more than one (1) person or entity holds such an interest in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote for their Lot, but in no event shall more than one vote be cast with respect to any such Lot.

SECTION 3. Control of the Association and Board of Directors. The Existing Property contains fifty-two (52) lots. Within seven (7) years from the date of the first sale of the Lot by the Developer, or until the date when ninety (90%) percent of the total number of Lots contemplated have been sold by the Developer, whichever is later, the voting rights of the Developer as to any matters in which Members may vote other than the election of Directors by virtue of Lots owned by the Developer, shall not be less than a majority of the total votes outstanding in membership. All of the initial Board shall be composed of Directors appointed by the Developer. These matters shall be further governed by the By-Laws of the Association.

ARTICLE SIX

PROPERTY RIGHTS IN THE COMMON AREAS

SECTION 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot.

SECTION 2. Title to Common Areas. The Developer may retain the legal title to the Common Areas until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Developer, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Developer hereby covenants, for itself, its successors

and assigns, that it shall convey the Common Area to the Association not later than seven (7) years from the date of the first sale of a Lot by the Developer or when ninety (90%) percent of the Lots, as defined in Sections of Article 5, are sold by the Developer, whichever occurs last. Developer reserves the right to convey all or any portion of the Common Areas to the Association at any time prior to this date. The Association shall be obligated to accept any such conveyance at any time the property is so conveyed.

SECTION 3. Extent of Members' Easements. The rights and easements of enjoyment created herein shall be subject to the following:

(a) The right of the Association as provided in its Articles and By-Laws to suspend the enjoyment rights of any owner for any period during which an assessment remains unpaid and for any period not to exceed thirty (30) days, for any infraction of any published rules and regulations; and

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the Members, excepting tennis court and swimming pool, provided that no such dedication or transfer, determination as to the purpose or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast fifty-one (51%) percent of the total number of votes of all Members has been recorded agreeing to such dedications, transfer, purpose or condition and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken.

SECTION 4. Amenities. Developer has obligated itself to construct one (1) tennis court and one (1) swimming pool on or before the period of time when seventy-five (75%) percent of the lots in the existing property have been sold and deeds conveying the lots have been recorded.

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTS

SECTION 1. Creation of Lien and Personal Obligation for Assessments. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed of other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made.

Upon filing with the Dare County Register of Deeds, each such lien shall be prior to all other liens except the following: (1) Assessments, liens and charges for real estate taxes due and unpaid on the lot; and (2) All sums unpaid on Deeds of Trust, Mortgages and other encumbrances duly of record against the lot prior to the docketing of the aforesaid lien. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such lot at the time when the assessment fell due. Prior to the conveyance of Common Areas to the Association, the Developer shall pay to the Association fifteen (15%) percent of the established assessments per lot for each recorded lot owned by the Developer. Upon conveyance of Lot(s) to subsequent Owner by Developer, such Owner shall immediately be charged the full assessment for each lot acquired, and shall pay same in accordance with Section 5 of this Article. The Developer covenants that upon conveyance of the Common Areas to the Association, it shall pay assessments on all lots owned or thereafter acquired by it in the same amount as any other Owner.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be exclusively for the purpose of promoting the health, enjoyment, safety or welfare of the residents in The Properties and in particular for the improvement and maintenance of properties and facilities devoted to the purpose and relating to the use and enjoyment of the Common Areas and of the homes situated upon The Properties, including maintenance of roads, all of which shall be Common Expenses, as detailed in the By-Laws.

SECTION 3. Annual Assessments. The annual assessment for the year 1989 shall be \$200.00 (or a prorata amount for any Owner who owns any lot for less than the full year), for each Lot. Thereafter, the annual assessment shall be established by the Board of Directors in accordance with the provisions of the By-Laws. The total assessment payable by any Owner may be divided into such installments as the Board shall deem appropriate, but until notice from the Board to the contrary is received, the Owner of each Lot shall pay his or its appropriate share as herein determined on any annual basis, in advance.

SECTION 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purposes of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repairs or replacement of any capital improvement located upon the Common Areas, including the necessary fixtures and personal property relating thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of all the Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

SECTION 5. Quorum for any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Section 4 of this Article shall be as follows:

At the first meeting called, as provided in Sections 4 of this Article, the presence at the meeting of Members, or of proxies, equaling ten (10%) percent of all of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 4 of this Article, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting.

SECTION 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for in Section 3 of this Article shall commence on the first day of the month next succeeding the month any Owner, other than the Developer, acquires title to a Lot, and shall be levied for the balance remaining in the fiscal year in an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that fiscal year bear to twelve. The assessments for any year after the first year shall become due and payable, upon fifteen (15) days notice from the Board, as to the amount of such annual assessment, on the first day of July of each year. Assessments shall be on a fiscal year basis which shall end June 30th of each year.

The first assessment levied against any additional unit which is hereafter added to The Properties, now subject to assessment, at a time other than the beginning of any assessment period, shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 of this Article as the remaining number of months in that year bear to twelve.

The due date of any special assessment under Section 4 hereof or any assessment against any particular Lot, or Lots, permitted by this Declaration shall be fixed in that resolution authorizing such assessment.

SECTION 7. Certification of Assessments. The Association shall, upon demand, furnish at any time to any Owner liable for said assessment, prospective purchaser, or lending institution, a certificate in writing, signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

SECTION 8. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner: The Lien: Remedies of the Association. If the assessments are not paid on the date due then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as

hereinafter provided, thereupon become a continuing lien on the Lot, or Lots, which shall bind such Lot, or Lots, in the hands of the then-Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then-Owner to pay such assessment, however, shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law and the Association may bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot, or Lots, and there shall be added to the amount of such assessment to be collected upon foreclosure, the costs of such action and reasonable attorney's fees to other cost incurred by the Association. In the event a judgment is obtained against any Owner for such assessment, such judgment shall include interest on the assessment as above provided and reasonable attorney's fees to be fixed by the Court, together with the costs of the action.

SECTION 9. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all Common Areas as defined in Article Two hereof; and (b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption.

Notwithstanding any provision of this Section 9, no Lot or any Living Unit located thereon shall be exempt from said assessments, charges or liens.

ARTICLE EIGHT

ARCHITECTURAL CONTROL

SECTION 1. Purposes. Developer desires to insure the best use and the most appropriate development improvement of each building site thereof to protect the owners of building sites against such improper use of surrounding building sites as will depreciate the value of their property, to preserve, so far as practical, the natural beauty of said property, to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials, to insure the highest and best development of said property, to encourage and secure the erection of attractive homes thereon with appropriate locations thereof on building sites, to prevent haphazard and inharmonious improvement of building sites, to secure and maintain proper setbacks from property lines and adequate free spaces between structures, and in general, to provide adequately for a high type and quality of improvement on said property, both enhancing the values of investments made by purchasers of building sites therein, and preserving as fully as possible the natural beauty of both the Common Areas and individual building sites. To that end the Developer desires to establish an Architectural Control Committee in order to provide and maintain standards which will insure this harmony of exterior design and located in relating to surrounding structures and/or topography.

SECTION 2. Approval of Plans. No building, wall, driveway, swimming pool, tennis court, or other structure, site work or clearing preparatory to construction shall be begun, altered, added to, maintained or reconstructed on any Lot until the plans and specifications for such work have been reviewed and approved by the Architectural Control Committee (The Committee). Before commencing such review, a Lot Owner shall submit to the Committee three (3) completed sets of plans and specifications, including but not limited to foundation plan, floor plan or plans, the four directional elevations, schedule of proposed exterior colors and material, shingle colors, grade and weight, plan showing driveway, parking, septic tank and drainfield, and expected completion of improvement. The Committee shall have the absolute and exclusive right to refuse any such plans and specifications which are not suitable or desirable in the opinion of The Committee for any reason, including purely aesthetic reasons which, in the sole and uncontrolled discretion of The Committee, shall be deemed sufficient, provided the Committee shall not refuse to approve any plans and specifications which previously have been approved for or constructed on any Lot. If construction of any improvement required to be approved shall not have been begun before the expiration of six (6) months

following approval, said approval shall be void and of no effect. The plans of such improvement shall be resubmitted to The Committee for reconsideration and The Committee may, in its discretion either confirm its earlier approval of plans or disapprove.

SECTION 3. Architectural Control Committee.

(a) **Membership:** The Committee shall be composed of three (3) people who need not be members of the Association appointed by the Board. A majority of The Committee may designate a representative to act for it. In the event of death, resignation or removal by the Board of any member of The Committee, the Board shall have full authority to designate the successor otherwise approved by the Association. Neither the members of The Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this Covenant. The Association shall keep or cause to be kept a list of the names of the persons who form The Committee and a list of the names of any designated representative of The Committee and such list shall be available to any Owner.

(b) **Procedure:** At least thirty (30) days prior to the commencement of any construction the plans shall be submitted to The Committee. The Committee's approval, disapproval or waiver as required in these covenants shall be in writing and the decision of a majority of The Committee in case of any disagreement among Committee members as to the approval, disapproval or waiver by The Committee shall be controlling. In the event The Committee or its designated representatives fail to approve or disapprove within thirty (30) days after the plans have been received by it, approval of The Committee will not be required and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with. Further, in the event any construction is commenced on any Lot without submission to The Committee of the plans with respect thereto, and no action or suit is instituted against the Owner of such Lot by the Association or any Owner of any other Lot constituting a portion of The Properties within ninety (90) days after the foundation of any building being constructed on any such Lot is completed, then, and in any such event, approval by The Committee will not be required and the related covenants and conditions of this Declaration shall be deemed to have been fully complied with.

(c) **Committee:** Within two (2) years from the date of the first sale of the Lot by the Developer or when seventy-five (75%) percent of the Lots have been sold by the Developer, whichever occurs first, at least a majority of the Members of The Committee shall be composed of Owners other than the Developer or a representative of the Developer.

SECTION 4. Architectural Design. The Developers have established guide lines to insure that all residents in Swan View Shores shall enjoy the elegance and sophistication of an aesthetic design in a distinctive natural environment. The following standards will be used by the Architectural Review Board in evaluating all submissions for both new houses and additions to existing houses:

Home plans: The Architectural Review Committee will reserve the right to refuse any plan solely on its lack of architectural integrity and quality of products specified for construction. In this respect, it is the intention of the committee to maintain and insure high value of resale throughout the development, and it may at any time reject a proposed plan upon purely aesthetic values.

Exterior: Roof lines should be strong and varied in nature. Special attention should be paid to the interworking relationships with total structure. The extension of the overhang should be in balance with both the size of the roof and the volume of the structure in relationship to the length of the overhang. Roof slopes on the main portion of the structure should be a minimum of 5 to 12 to insure the balance of volume between structure and roofline. Dormer rooms may vary with a minimum slope of 5 to 12. Flat roofs are not acceptable.

Roofing: Cedar shingles or shakes are a highly recommended roofing product, however, any architectural grade product with weight of 265 lb. per square or greater will be acceptable. The color of the

shingles must be submitted with the plan application for approval by the Architectural Review Committee.

Penetration of the roof by exposed chimney stacks, exhaust fans and plumbing vents shall be located for minimum visibility. Chimneys above the roofline shall be enclosed with wood siding, cedar shake shingles or the chimney should be of masonry construction.

Siding: All exterior siding shall be of a type and material as to reflect a harmony with both the environment and the other homes in the neighborhood.

Exterior finish: Shall be of light colors, earth tone colors and/or natural as to provide a harmony with its setting. A copy of the siding stain or color must be submitted to the Architectural Review Committee at the time of the plan review. No change of color will be permitted after initial construction, unless first approved by the Architectural Review Committee.

Railings and foundation screening: Many designs are acceptable and will be considered according to safety and coordination of overall design. Detailed drawing must be submitted with plans.

Siting: The siting of the house should reflect individual desirability of view, privacy for existing neighbors, orientation for sun and prevailing winds, and possible energy gain. Observing all building setbacks of front, side and rear yards, the placement shall enhance the view from each individual structure while being compatible with the established adjacent homes.

Driveway: Driveways should be planned for minimum area of lot disturbing activity. It is mandatory for each house to have space for two cars to park. Parking under the structure is also desirable.

A construction driveway is required and shall be installed before construction begins on each home; this will consist of a clay base from the road to the building site. Construction debris must be stored in a designated fenced area and disposed of on a timely basis. No burning of debris is permitted.

Landscaping: The site should remain as natural as possible with a minimum area cleared of vegetation for the proposed homesite and drive. Outside of the construction area, all vegetation should remain undisturbed, unless homeowner wishes to landscape. If clearing is approved, restabilization of disturbed areas must be completed within 30 days of issuance of occupancy permit. In the interim, the landowner shall be responsible for erosion caused by land and vegetation disturbances.

Miscellaneous Site Features: Garbage container storage area should be located in such a manner as to be screened from view.

Screening is mandatory for fuel tanks, air conditioning units, related visual obstructions and attractive nuisances.

Antennas, satellite dishes, towers, receivers or senders, clothes lines and similar devices shall only be located within the main structure and not visible on the exterior.

Lighting: Offensively bright exterior lights are discouraged. No area lighting shall encroach across property lines so as to create a nuisance.

Fencing: All fencing must be approved by the Architectural Review Committee. Chain-link fencing will be discouraged.

Changes: No change may be made to any plans submitted to the Architectural Review Committee without again submitting the changes to the Architectural Review Committee.

ARTICLE NINE

AMENDMENT OF DECLARATION

This Declaration may be amended by a majority vote of the Owners including the Developer. If any amendment to the Declaration creates an inconsistency in the By-Laws to the extent such inconsistency exists, the Declaration shall control. No amendment to this Declaration shall be effective until recorded in the Office of the Register of Deeds of Dare County, North Carolina.

Notwithstanding anything else contained herein, the Developer reserves the right to alter or amend these Restrictive Covenants. Developer further reserves the right to add additional properties to be subject to these Restrictive Covenants. It is specifically understood that this right of the Developer to alter or amend these Covenants is not intended to make these Covenants personal to the Developer. These Covenants shall be and are appurtenant to all of the lots within the subdivision including any additional properties being brought under these Covenants and these Covenants shall be enforceable by any Owner in the subdivision, the Developer or the Property Owners Association as set forth in Article III, Section 3.

ARTICLE TEN

CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration for the intent of any provision hereof. The use of masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE ELEVEN

VARIANCE

The Board of Directors of the Association may from time to time grant to the Owner or Owners of Lots within the subdivision a waiver or variance from the provisions of the Declaration. The conditions under which such a waiver or variance may be granted shall be in the total discretion of the Board of Directors of the Association. It is understood that the existence of this power does not create a right in any Homeowner or Lot Owner to such action by the Board and the decision of the Board on request for waiver or variance shall be final. The expressed purpose of the power as described in the paragraph is to enable the Board of Directors to alleviate hardships created by the terms of this Declaration under circumstances which are beyond control or fault of the parties, would create irreparable harm or unnecessary hardship without such action; or under conditions where title to the property in question is clouded, encumbered or detrimentally effected by the existence of conditions which cannot otherwise be corrected. Even when conditions as described herein exist so that waiver or variance appears appropriate, granting such waiver or variance shall remain completely within the discretion of the Board of Directors.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed in its Partnership name the day and year first above written.

SWAN VIEW STORES, INC.,
A North Carolina Corporation

By: [Signature]
President

(Corporate Seal)

ATTEST:
[Signature]
Secretary

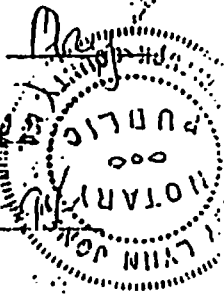


STATE OF North Carolina
CITY/COUNTY OF Currituck

I, a Notary Public of the County and State aforesaid, certify that Sherald K. Ward personally came before me this day and acknowledged that he is Secretary of Swan View Shores, 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 him as its Secretary.

Witness my hand and official stamp or seal, this 22nd day of May 1989.

Judy Lynn Jones
Notary Public
My Commission Expires: 2-19-1991



NORTH CAROLINA, DARE COUNTY

The foregoing Certificate(s) of Judy Lynn Jones a Notary Public of Currituck Co., NC

is/are certified to be correct.

This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Dorris A. Fry
REGISTER OF DEEDS

BY: Doris Jean Ward
ASSISTANT REGISTER OF DEEDS