

STATE OF NORTH CAROLINA

COUNTY OF CARTERET

DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR
"RESERVE GREEN"
A NORTH CAROLINA PLANNED COMMUNITY

THIS DECLARATION is made on this 1st day of April, 2003 by Golf & Shore Properties, Inc., a North Carolina corporation, hereinafter referred to as the "Declarant".

WITNESETH:

THAT, WHEREAS, the Declarant is the owner of certain real property in Morehead Township, Carteret County, North Carolina, which is generally described as "Reserve Green" as the same is more particularly shown on a map recorded in Map Book 30, Page 210, in the office of tile Register of Deeds, Carteret County, North Carolina, which map description is hereby incorporated hereby by reference; and,

WHEREAS, Declarant desires to create a planned residential community within said property and to provide an overall plan of development therefore which will endeavor to assure orderly development, preservation of property values, maintenance of common areas, good streets and amenities, and the general safety of property owners, and to that end Declarant intends to subject the property to the restrictions, conditions, easements, charges, liens, and other encumbrances created hereby; and,

WHEREAS, Declarant may subsequently develop additional properties it now owns or later acquires, and subject the same to this Declaration in order to complete an overall scheme of development with common purposes and objectives, and does hereby reserve the unilateral right to do so; and, ..

WHEREAS, Reserve Green is a "planned community" consisting of individually owned town homes situated upon individually owned lots of a subdivision, and is created pursuant to the North Carolina Planned Community Act (N. C. General Statutes, Chapter 47F). Reserve Green is not a condominium project created under Chapter 47C; and,

WHEREAS, subsequent references herein to "Properties" shall mean the initial property subjected to this Declaration and such other property to which Declarant may specifically impose this Declaration; and,

WHEREAS, Declarant has deemed it appropriate for the more complete and efficient achievement of the purposes and objectives of this Declaration to create a corporation of homeowners to which should be delegated and assigned, and which is hereby delegated and assigned, the powers of owning, maintaining, and administering the common areas and facilities of the Properties; to administer and enforce the covenants and restrictions encumbering the Properties; to levy and collect the dues, assessments, other charges against Lots provided for

herein and which are required for the sound fiscal operation of the affairs of the corporation; and to perform such other proper purposes which it may be empowered to perform pursuant to its by-laws and this Declaration, or which may be reasonably necessary to the achievement of its specific purposes; and,

WHEREAS, for the aforesaid purposes the Declarant has formed said corporation under the name "Reserve Green Homeowners Association, Inc." (hereafter "Association"), a non-profit corporation chartered under the laws of the State of North Carolina, membership in which corporation shall be mandatory for all owners of the Properties.

NOW, THEREFORE, Declarant hereby declares that all of the Properties shall be held, owned, enjoyed, sold, and conveyed subject to the following easements, restrictions, covenants, charges, liens, and conditions (collectively hereafter sometimes referred to as "covenants and restrictions"), all of which are for the general purposes stated above. These covenants and restrictions shall be appurtenant to and run with title to the Properties, and shall be binding on all parties having or acquiring any right, title or interest therein, whether specifically mentioned in any subsequent conveyance or not. Any owner of any living unit within the community, as well as the Association in its own behalf, may enforce the covenants and restrictions against any other owner in violation or non-compliance thereof.

ARTICLE I

Definitions

As used herein and in any amendment hereto, the following definitions shall apply:

Section 1. "Association" shall mean and refer to Reserve Green Homeowners Association, Inc. Whenever this Declaration or the by-laws of the Association gives authority to the Association to exercise any specified authority, right, or power, then the exercise of such authority, right, or power shall reside and be vested in the duly elected and constituted Board of Directors of the Association, subject to any specified right of approval or consent by the general membership. The Board of Directors shall have all such specified authority, rights, and power, and any additional unspecified authority, rights, and power which are reasonable and necessary for the better accomplishment of the general purposes for which the Association and this Declaration exist.

Section 2. "Common Area" shall mean all real property, amenities, fixtures, and facilities owned by the Association for the common use, benefit, and enjoyment of all members or designated classes of members of the Association.

Section 3. "Common Charges" shall mean and refer to all dues and assessments, both regular and special, which are levied by the Association against Owners and Lots which are reasonable and necessary for the accomplishment of the purposes of the Association, and include expenses provided or permitted specifically by the by-laws of the Association or this Declaration. As used herein, "dues" and "assessments" are used interchangeably. Both are generally intended to mean payments for which Owners are obligated to pay the Association in order for the Association to meet its usual; recurring operating budget items. As used herein,

"special assessments" are generally intended to mean non-recurring or unusual costs and expenses levied for a particular purpose. Dues, assessments, and special assessments are all "Common Charges". The Association shall have the authority to determine how Common Charges are payable, and may provide Owners with more than one payment option.

Section 4. "Declarant" shall mean and refer to Golf & Shore Properties, Inc., and its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, which power of assignment is expressly and fully reserved by Declarant.

Section 5. "Lot" shall mean and refer to any individual plot of subdivided land shown upon a recorded subdivision map which is subject to these covenants and restrictions, or amendments hereto.

Section 6. "Master Association" shall mean and refer to the Brandywine Owners Association, Inc.

Section 7. "Member" shall mean and refer to every person or entity who holds a fee ownership interest in a Lot, excluding lien holders and owners of equitable interests.

Section 8. "Multifamily Building" shall mean and refer to a combination of two Units which have at least one common wall.

Section 9. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including trusts, but excluding lien holders and owners of equitable interests.

Section 111. "Person" shall mean and refer to an individual, corporation, partnership, association, trust, or other legal entity, as the context requires.

Section 11. "Properties" shall mean and refer to all properties initially or subsequently made subject to this Declaration.

Section 12. "Section" shall mean and refer to any designated portion or phase of the Properties which shall be developed and for which a subdivision map or maps shall be recorded.

Section 13. "Unit" shall mean and refer to a single family living unit which has been fully constructed and certified by governmental authority as ready for occupancy, and is one-half of a Multifamily Building.

ARTICLE II

Addition of Subsequent Sections

Section 1. Declarant specifically reserves the unilateral right to add and subject additional Sections to this Declaration as part of an overall plan of development. As new Sections are developed, Declarant may, by supplemental declaration to be filed in the Office of the Register of Deeds of Carteret County, make such Sections of the Properties subject to this Declaration so that

Owners of Lots and Units within the added Sections will automatically become Members of the Association and their lands subjected to the covenants and restrictions herein provided. The operating budget of the Association shall include the costs and expenses of meeting its obligation to new Sections as they are added.

Section 2. Subsequent to recordation of a supplemental declaration by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any common areas in the new Section to the Association.

ARTICLE III

Brandywine Owners' Association, Inc.

Every Owner shall be a member of the Master Association, so long as Owner owns a Lot. Tenants shall not be members, regardless of the length of the term of the lease or rental contract.

ARTICLE IV

Membership in the Association

Every Owner of any Lot in the Properties shall be a Member of the Association. Membership in the Association shall be mandatory and no Owner may voluntarily withdraw from membership, although rights of Owners to the full enjoyment of the Common Areas may be curtailed or restricted by the Association for non-payment of dues and assessments or for non-compliance with its established rules and regulations. No curtailment shall acquit any Owner from their continuing obligation to pay Common Charges. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. The Association may enact reasonable rules relating to the proof of ownership of a Lot.

ARTICLE V

Voting Rights of Members

Section 1. Classes of voting Members. The Association shall have two classes of voting membership:

a. Class A Members: Class A Members shall be all those Owners as defined in Article III, with the exception of the Declarant. When more than one Owner holds an interest in any Lot, all Owners of such Lot shall be Members. Class A Member voting rights are as set forth in Section 2 below.

b. Class B Member: The Class B Member shall be the Declarant. The Class B Member shall be entitled to ten (10) votes for each Lot in which it holds the interest required for membership by Article III, provided that the Class B membership shall cease and be converted to Class A membership when the total votes outstanding in Class A membership exceeds the total votes outstanding in Class B membership. PROVIDED HOWEVER, that the Class B membership shall be reinstated if thereafter additional Sections of the Properties are made subject to this Declaration by the Declarant pursuant to its rights to do so under Article II or elsewhere herein.

Section 2. Voting Rights. Members shall be entitled to vote at all annual and special meetings of the general membership on matters required by the by-laws of the Association, this Declaration, or any applicable statute to be voted upon. While all Owners shall be Members, there shall be only one vote per Lot entitled to be cast at meetings of the Association by the Owners of a Lot, except for Declarant who shall have ten (10) votes per Lot as provided in this Article V. In cases where two people are Owners (such as husband and wife, parent and child, or brother and sister), a unanimous vote of the two will be required; and in the case of three or more people (such as heirs), a simple majority shall be required. In the event that only one of multiple Owners of a Lot attends a meeting of the Association at which a vote is taken, or votes in some other fashion by approved proxy or otherwise, such vote for the Lot so represented will be presumed to be and recorded as the vote made and entered for that Lot, with the approval of all, or a majority of, the Lot Owners.

Section 3. Suspension of Voting Rights. The right of any Member to cast a vote for a Lot may be suspended by the Association for a substantial violation of the Association's rules and regulations, or of this Declaration.

ARTICLE VI

Property Rights, Obligations, and Use Restrictions

Section 1. Members' Easements of Enjoyment. Every Member shall have an easement for the non-exclusive use and enjoyment in and to the Common Areas, which shall include, but not be limited to, the right of ingress, egress and regress on, over, and across all streets or rights of way as shown on that map entitled "Reserve Green" and recorded in Map Book 30, Page 210, in the office of the Register of Deeds, Carteret County, North Carolina. Such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its articles and by-laws, to borrow money for the purpose of improving the Common Area and facilities and to mortgage said Common Areas in aid thereof, and the rights of such mortgagee in said property shall be subordinate to the rights of the Members hereunder.

(b) The right of the Association to dedicate, transfer, or encumber all or any part of the Common Area to any public agency, authority, utility, or any other entity for such purposes and subject to such conditions as may be deemed appropriate by the Association and approved by the Members in the manner following. No such dedication, transfer, or encumbrance shall be effective unless the same is approved by a vote taken at a duly called meeting of Members for such purpose at which a required quorum is present by at least a simple majority of the Class A Members in attendance in person or by approved proxy, and also approved by the Class B Member.

Section 2. Delegation of Use. Any Member may delegate its easements and rights of enjoyment to the Common Areas and facilities to the members of his family and his tenants who reside on the Property.

Section 3. Title to the Common Areas. The Declarant hereby covenants for itself, its heirs and assigns, and with all Owners and the Association, that it will convey fee simple title to the Common Areas shown on the aforementioned recorded map to the Association, free and clear of all encumbrances and liens, except utility and drainage easements, easements to governmental authorities, and such other encumbrances, if any, as are permitted by this Declaration, and that

such conveyance will occur within three years of the first fee interest transfer of a Lot in the Properties to an Owner by Declarant.

Section 4. Vehicular Parking and Right of Way Restrictions. Owners and members of their family who maintain residence upon a Lot shall not park any vehicle or place any boats, trailers, campers, motor homes, tractors, jet skies, equipment, tools, riding lawnmowers, storage sheds, mail boxes, newspaper receptacles, paraphernalia, or any item of personal property within the right of way of any street. The parking of vehicles shall be permitted only upon the paved portion of a driveway and in the garage of each Lot. No vehicle shall be worked on, stored for over 90 continuous days due to inoperability, repaired, modified, placed on risers or jacks, or oil changed on any Lot except inside the garage of a Unit. Temporary guests, invitees, and other such permittees may temporarily park their vehicles within the street right of way while visiting or attending to business upon the Lot.

The Architectural Control Committee of the Association shall be empowered to create reasonable rules governing planting and maintenance of shrubbery, trees, flowers, and other forms of vegetation within that portion of the street right of way not actually paved or curbed.

Section 5. Garage Door Requirement. To enhance the orderly appearance of the neighborhood, the garage door of a Unit shall be closed at all times that no Owner or other occupant is physically present upon the Lot. Owners are encouraged to maintain the interior of their garage in as neat and orderly a condition as possible and to close the garage door when not in use, even when Owner or occupant is present upon the Lot.

Section 6. Use of Common Property of Master Association. All common property owned by the Master Association shall be available for the use and benefit of each Member in accordance with the by-laws, rules, and regulations of the Master Association.

Section 7. Mailboxes and Receptacles. The Declarant shall provide at a suitable place upon the Common Area a single-site mail receptacle containing separate boxes for the use and benefit of each Lot Owner. Each Lot shall be assigned one box in the receptacle. All mail delivered to any Owner shall only be delivered to such box. Two keys for the box in the receptacle assigned to a Lot shall be given by the Declarant to the first Owner of such Lot. No Owner shall place upon any Lot any receptacle for the receipt of mail or newspapers or anything of a similar nature.

Section 8. Lots Restricted to Single-Family Residences. No Lot shall be used by any Owner or permittee except as a primary or secondary residence for himself/herself, their families, or tenants. No in-home business or commercial activity of any sort shall be permitted, nor shall any Lot be used solely for storage purposes. However, nothing within this Declaration shall prohibit or impair the Declarant's right to utilize one Unit as a "Model" to facilitate sales to customers or to place appropriate signage on the Lot thereof, and Declarant hereby reserves such right.

Section 9. Fences, Pethouses, Birdhouses, Statuary, Birdbaths, Ponds, Pools, Radio/TV Signal Receivers, Detached Structures, Installed Playground Equipment and Other Similar Items. No construction, erection, building, creation, attachment, installation, or placement of any permanent or semi-permanent object or device on any Lot or Unit, whether functional or ornamental, shall be permitted unless and until plans therefore have been submitted to the Architectural Control Committee for review and approval granted by the Committee. Specifically included, but not

limited by, this prohibition are birdhouses, natural areas, berms, birdbaths, fences, pethouses, radio and TV signal receivers, statuary, ponds, pools, gazing balls, detached structures, arbors, gates, and fixed playground equipment. This provision has no application to such things as movable children's play toys, bicycles, grills, lawn furniture, and other such items which, by their nature, are frequently moved about. However, the Committee is empowered to create reasonable rules and regulations to curtail unsightly or particularly numerous items of the latter type which become or are allowed to be scattered randomly about any Lot, and the opinion of the Committee in this regard shall control. Further, the Declarant hereby assigns to the Association and the Architectural Control Committee the right to create and make applicable to any Lot any other restrictions, rules, and regulations governing the use of any Lot which, in the opinion of said Committee, are both reasonable and necessary for the full accomplishment of the general purposes for which this community is created.

Section lit. Cable TV. Each Unit is pre-wired for cable TV reception. Any Unit Owner desiring cable TV service shall obtain such service at its sole cost and expense.

Section 11. Further Subdivision Prohibited. No Lot shall be further subdivided by any Owner in any fashion.

Section 12. Landscaping and Easement for Maintenance. It is the desire and intent of the Declarant to create an attractive, healthy, aesthetically diverse, pleasing, and harmonious landscaping plan within the Properties and Lots therein which can be kept neat, cut, trimmed, and otherwise appropriately maintained and nurtured by the Association. Towards that end, the Lots and Units within them will be sold by the Declarant with a basic landscape plan already installed. As Lots are sold and transferred by the Declarant to Owners, the Association shall thereafter provide general maintenance of the landscaping plan which was installed upon such Lots and Common Areas of the Properties at the time of construction of the Units thereon. Such maintenance shall include trimming and pruning of ornamentals, cutting of grass, periodic fertilizing, insect and disease control, and replacement of dead or diseased plantings.

The Architectural Control Committee of the Association shall have the responsibility of approving any further plan of additional landscaping which an Owner may desire, or which the Association shall direct. No Owner may simply start planting things. Any additional planting or landscaping plan desired by an Owner shall first be submitted to the Committee for approval. Any such plantings approved shall be installed by Owner at its own cost. However, Owner may subsequently replace any such approved plantings which become damaged or destroyed with the identical plant, without Association approval.

In matters involving taste and aesthetic quality, the decision and opinion of the Committee shall overrule any opinion to the contrary by the Owner. The reason for this authority is, among other considerations, that the Association has the responsibility to maintain the Common Areas and landscaping which it installs or approves on each Lot, and must have the authority to control or otherwise direct the installation of plantings in order to be able to exercise this responsibility in as efficient and economical manner as possible so that the objectives of this Section may be achieved. Each Owner hereby acquits and releases the Association from any liability from improper landscape maintenance of a Lot, provided such maintenance was undertaken in good faith.

The Association shall be responsible to replace and pay for any aspect of the landscaping which was originally installed by the Declarant, or any landscaping which was installed and mandated (as opposed to simply approved upon an Owner's request) by the Association, which fails to thrive, PROVIDED, Owner undertakes all reasonable steps to keep such landscaping adequately watered and does nothing to create or allow an environment which would be prejudicial to or impair the viability of such, landscaping, such as injury by children or pets. The Association shall have no responsibility to replace any landscaping installed by the Owner, with or without the Association's consent.

To facilitate the Association's landscape maintenance responsibility, an easement is hereby granted the Association to enter upon Lots during daylight hours only for the purpose of maintaining existing landscaping, mowing lawns, edging, spraying for insect and weed control, fertilizing, prune and trim, plant additional plantings, and any and all other reasonably appropriate and necessary endeavors to properly fulfill its responsibility under this Section. The Association shall have no duty to provide watering for any aspect of the landscape, the duty to do so being the sole responsibility of Owner.

Section 13. Restriction Against Construction of Appurtenant or Detached Structures. Subsequent to the initial conveyance to an Owner of a Lot by Declarant, no such Lot shall have subsequently constructed upon it any deck, porch, cabana, cupola, walkway, or any other attached or detached structure without the express written consent and direction of the Architectural Control Committee.

Section 14. Obligation to the Master Association for Dues and Assessments. Every Owner shall also be a member of the Master Association. As such, every Lot shall be responsible for the timely payment of all periodic dues and special or regular assessments duly and properly levied against it by the Master Association for which a lien shall exist against said Lot in favor of the Master Association as security for the performance of such obligation. This obligation shall exist regardless of whether a Lot has been improved or not. The more specific rights and obligations of an Owner to the Master Association are controlled by the by-laws, rules, and regulations duly adopted by the Master Association from time to time, all of which by-laws, rules, and regulations are incorporated herein by reference.

Section 15. Animals. No animals shall be kept on any Lot except normal house pets. No pets or animals may be kept, bred or maintained for any commercial purpose. All animals shall be on a leash or otherwise restrained when off the Lot of an Owner and under no circumstances be allowed to roam unrestrained. No animal shall be restrained outside on any leash, wire, cable, rope or other such device which is attached to any stake, post, tree, or other fixed object. No pet shall be allowed upon the exterior of any Lot if the pet barks or growls excessively or otherwise in any fashion creates continual disturbances or acts menacingly to the neighbors, especially during night time hours. The standard by which such conduct is to be measured is what a reasonable homeowner living in a quiet, private, residential subdivision would find offensive or disturbing under all attendant circumstances.

Section 16. No Noxious, Immoral, or Illegal Activity or Nuisances. No noxious, immoral, or illegal activity or nuisance shall be permitted upon the Properties by any Owner.

ARTICLE VII

Common Charges

Section 1. Creation of the Lien and Personal Obligation for Common Charges. Each Owner of a Lot, subsequent to the Declarant, shall be obligated to pay when due all Common Charges as hereafter provided and as may be duly enacted and levied by the Association against each Lot from time to time. The obligation of the first such subsequent Owner for such payment shall not commence until the first day of the month following the month in which the deed to such first subsequent Owner is recorded.

As security to the Association for such obligation, the Association is hereby granted a specific and continuing lien upon each Lot, effective as of the recording of this Declaration. In the event any such Common Charges are unpaid by an Owner beyond the due date for such payment, there shall be no necessity for the filing upon the public record of any lien, claim, lis pendens, or notice in order to perfect or establish such lien, unless such recording is otherwise required by applicable law. The recording of this Declaration creates and perfects the lien, and payment of such Common Charges from time to time shall not extinguish the lien on a Lot, as the lien exists as security for the continuing obligation of the Lot Owner to pay. Notwithstanding the above, however, a public record filing of the lien shall be permitted by the Association if the Association deems the same to be necessary, or applicable law otherwise requires.

The lien for Common Charges against Lots shall be subordinate to the lien of all lenders holding deeds of trust and the lien for property taxes, regardless of when such lender or tax liens are recorded or first arise.

Any Common Charge which remains unpaid beyond its due date shall bear interest at the rate of 1.5 percent (1.5 %) per month (18% per annum) until paid. In the event the Association engages an attorney to represent it, in the collection of unpaid Common Charges against any Owner and Lot, then the Association shall be entitled to also recover its reasonable attorney fees incurred in such undertaking, consistent with applicable law. The lien created hereby shall also cover such interest and attorney fees. Further, the lien created hereby shall continue as a lien for any delinquent or prospective Common Charges beyond any subsequent transfer of title from one Owner to another.

In addition to constituting a lien as aforesaid, the Common Charges herein provided shall also be the personal obligation of the Owner(s) of the Lot at the time the Common Charge fell due. However, the personal obligation of any Owner for delinquent Common Charges shall not become the personal obligation of any successor owner, unless the successor expressly assumes them. All Owners of a Lot shall have personal joint and several liabilities for Common Charges, and an action to collect delinquent Common Charges may be maintained by the Association against such Owners and upon the lien, simultaneously, as provided by applicable law. However, there can only be one recovery.

Notwithstanding anything to the contrary in this Article, Declarant shall have no obligation for the payment of Common Charges for Lots or Units unsold and in inventory.

Section 2. Extent of Lien. The lien provided by this Article shall extend to the full boundaries of a Lot and all improvements situated within the Lot, as well as all beneficial rights, incidents, and easements appurtenant to the Lot. The foreclosure of any lien against a Lot shall in no way impair the party wall rights or any other rights of any adjoining Owner.

Section 3. Purpose, Fiscal Year, and Determination of Common Charges. The purposes for such Common Charges shall include, but not be limited by, general operations, responsibilities, and administration costs of the Association; maintenance of reserve accounts; capital improvements, repairs, maintenance, and replacements; insurance costs; maintenance of Unit exteriors; property taxes on Common Areas; landscape maintenance; the uninsured costs of repair or reconstruction of any Unit in the Properties which becomes damaged or destroyed by any casualty; and any other purpose deemed reasonable and necessary to enable the Association to meet its obligations hereunder or which is otherwise for the accomplishment of the general purposes for which the Association is formed.

All such Common Charges shall be fixed, established, and collected from time to time by the Association as provided herein and in the by-laws. The fiscal year of the Association for the year 2003 shall begin on the date the Association first has a Class A Member and end on December 31, 2003. Thereafter, the fiscal year of the Association shall be the calendar year.

Common Charges shall be established by the Association for each coming fiscal year and shall be determined, with written notice sent to all Members, no later than December 1 of each year. In establishing the Common Charges for coming the year, the Association shall consider all current costs and expenses of the Association; the increase, if any, in such costs and expenses over the prior year; the likelihood of any increase during the coming year; any fixed indebtedness; the necessity for reserves for future needs; and any other matter reasonably related to the obligations of the Association consistent with its purposes. For each coming fiscal year, the Association shall have the right to increase the regular periodic annual dues by not more than ten percent (10%) above the amount established for the current fiscal year and without membership consent. Any increase above 10% shall require approval of not less than a two-thirds majority vote of a quorum of Members present and voting in person or by approved proxy at an annual meeting or at a special meeting called for that purpose, following due notice.

The Association, upon demand at any time from any person having a legitimate need to know, such as a settlement agent, lender, or attorney, shall furnish a certificate to such person in writing signed by an officer of the Association or his designee setting forth the status of Common Charges with respect to any Lot. No cost shall be assessed for such certificate. A properly executed certificate of the Association as to the status of such Common Charges is binding upon the Association as of the date of its issuance.

Section 4. Specific Initial Periodic Dues For Fiscal Year 2003. The Owner (other than Declarant) of each Lot on which is located a completed Unit is obligated to pay to the Association regular, periodic dues for fiscal year 2003 in an amount to be determined by the Board of Directors at the organizational meeting of the Association. Such dues shall commence and be payable on the first of the month following the month in which the deed for the Lot of the Owner is recorded, and on the first of each successive month thereafter during fiscal year 2003.

Section 5. Special Assessments for Capital Improvements, Repair, Replacement, and Acquisition. In addition to the regular, periodic dues as authorized in this Article, and subject to the provision in this paragraph, the Association may levy a special assessment applicable to a specified fiscal year, or years for the purpose of defraying, in whole or in part, the costs of required capital improvements, repairs, replacements, or acquisitions to the Common Area. Provided, however, that such special assessment shall require approval of not less than a two-thirds majority vote of a quorum of Members present and voting in person or by approved proxy at an annual meeting or at a special meeting called for that purpose, following due notice.

Section 6. Uniform Rate of Assessment. Except as may be specifically otherwise provided elsewhere in this Declaration or by-laws, including but not limited by Article VIII (Insurance), Common Charges must be fixed at a uniform rate for all Lots, on a per Lot basis, and may be collected on a monthly or other periodic basis.

Section 7. Collection of Common Charges. Remedies for collection of Common Charges and for enforcement of liens by the Association may include, among other remedies available by law, collection and lien enforcement procedures for condominium associations as provided for in Chapter 47C, North Carolina General Statutes, as the same may be amended from time to time, which provisions of Chapter 47C are hereby incorporated herein by reference.

Section 8. Subordination of the Lien to Mortgages. The lien securing Common Charges on any Lot shall be subordinate to the lien of any mortgage or mortgages on such Lot, whether or not the lien attached before or after the recording of any mortgage or mortgages, and whether or not the lien affects only a specific Lot, as in the case of liens arising under Article VIII (Insurance). Sale or transfer of any Lot in ordinary course shall not affect the assessment lien or any arrearage owed for Common Charges. However, the sale or transfer of any Lot by a trustee pursuant to mortgage foreclosure shall constitute a discharge of all Common Charges due for said Lot up to the date of said sale or transfer. No such sale or transfer, however, shall discharge the lien for Common Charges nor relieve a Lot from liability for Common Charges which become due thereafter.

Section 9. Exempt Property. Any portion of the Property not constituted or used as a Lot, including such portions owned by the Association, shall be exempt from the Common Charges and the lien therefore.

ARTICLE VIII

Insurance

Section 1. Casualty Property Damage on Multi-Family Buildings. Each Owner of a Unit shall be responsible to obtain and keep in full force and effect a policy of general premises liability, casualty, and property damage insurance covering said Unit at Owner's sole expense. Such coverage shall insure all aspects of the Unit itself, including foundation, roof, all built-in appliances, permanently attached wall and floor coverings, component systems (such as HVAC, electrical, plumbing), water softener, and all other devices and appliances which are designed and installed as permanent fixtures thereto. The coverage required by this Section shall provide for not more than a \$1,000.00 deductible per casualty occurrence and the Owner shall be responsible to pay such deductible amount. Such coverage shall make no exception for casualty loss or damage arising out of occurrences originating in adjacent Units.

The policy shall provide full replacement costs coverage, with an appropriate inflation costs provision, insuring against "all risks" casualty loss or damage, including fire, wind, hurricane, lighting, wind-driven rain, vandalism, and other such perils commonly insured against. A certificate of insurance demonstrating coverage under the requirements of this section shall be delivered to the Association annually so that continuity of coverage can be confirmed.

Owner shall make all necessary claims for indemnity under the policy promptly upon sustaining any loss or damage to the Unit. All claims payments shall be utilized in the prompt rebuilding or repairing of affected Units. All required rebuilding or repairing shall be contracted for by the Owner and shall be accomplished so as to restore the affected Unit to its pre-damaged condition, or replace it as may be necessary, in according with the original design, floor plan, and exterior features.

In the event a Unit sustains uninsured casualty damage from any cause, the Owner shall be liable for the prompt rebuilding or repairing of the Unit at Owner's sole cost and expense. Further, in the event any damage, whether insured against or not, is not repaired or rebuilt by the Owner within 180 days of the date of the casualty event, or in the further event Association determines in good faith that the Owner has abandoned the premises following a casualty, the Association shall have the right to repair or rebuild the Unit for the benefit of the Owner at the Association's expense, whereupon Association shall have a lien and may levy a special assessment against the Unit for the recovery of its costs in such undertaking. In the event Owner fails to pay Association such costs within 60 days of being first delivered a statement for such costs, then Association may proceed to collect the amount due, including its reasonable attorney fees incurred, and may enforce its lien in any manner provided by applicable law.

If coverage lapses or is terminated for any reason and Owner fails to renew coverage or secure replacement coverage, the Association may secure coverage itself for the benefit of Owner, provided coverage is reasonable available, whereupon Association shall have a lien and may levy a special assessment against the Unit for the recovery of its costs in such undertaking. In the event Owner fails to pay Association such costs within 60 days of being first delivered a statement for such costs, then Association may proceed to collect the amount due, including its reasonable attorney fees incurred, and may enforce its lien in any manner provided by applicable law.

Section 2. Other Coverages Mandated by Law. The Association shall obtain and maintain all coverages upon the Common Area required of Associations pursuant to N. C. General Statute 47F-3-113.

ARTICLE IX

Exterior Maintenance

In addition to complete maintenance of the Common Areas and the landscaping of the Properties, the Association shall, at its expense, provide exterior maintenance, routine upkeep and repair, and replacement (but only upon obsolescence resulting from completion of life expectancy and not the result of a casualty) to the roof, roof overhangs and projections, and the exterior siding of each Unit standing in a vertical plane which are clad in vinyl, as provided in this Article. Specifically, the Association shall maintain such portions of each Unit so as to assure continuing weathertight integrity, cleanliness, and attractiveness, and the continuing ability of the same to perform the

purposes for which they were originally intended. In so doing, the Association shall not, under any circumstances, be responsible for, nor an insurer against, any consequential damage an Owner might sustain to persons or property as a result of any wind or water leaking, rising, or blowing into the interior of any Unit during any adverse weather occurrence, fire however originating, or any other casualty damage, whatever the cause. The Association's sole liability under this Article is to provide reasonable maintenance, including; preventive maintenance to the designated areas. No Owner may deduct from or offset against the obligation for the payment of Common Charges owed to the Association any cost or expense which Owner may pay for third party maintenance. The Association shall have no maintenance, repair, or replacement responsibility whatsoever with respect to the interior of any Unit, or for any HVAC, plumbing, or electrical systems and components; or any screens, filters, glass, door or window locks; windows and sills, doors and thresholds including sliding glass doors; any surfaces in the horizontal plane; any TV/radio receivers, decks, steps, skirting, garage doors and openers, and driveways. The costs of meeting its defined maintenance responsibility by the Association shall be a general obligation of the Association for which Common Charges shall be levied upon all Lots. The Association shall have no painting, staining, or interior obligation to any Unit, nor any responsibility to repair or replace anything which is the result of a casualty occurrence, such as fire - casualty damage being covered by the Owner's property insurance policy. Further, the Association shall have no liability for maintenance, repair, or replacement of anything (even things specifically defined as an obligation of the Association) which results from the willful or negligent acts of Owners, or their families, tenants, occupants; guests, or invitees. An easement is hereby granted the Association to enter upon any Lot or Unit at reasonable times during daylight hours for the purpose of performing its maintenance obligations under this Article.

ARTICLE X

Party Walls

Section 1. General Rules of Law to Apply. Each Multifamily Building has a single party wall common to both Units comprising said Building, which wall was built as a part of the original construction of the respective Units. This wall is placed on the shared dividing line between the Lots. The general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto, subject to the Association's obligation to undertake repairs or rebuilding of a Unit following an insured casualty loss under Article VIII of this Declaration.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall not resulting from an insured casualty occurrence, shall be shared equitably by the Owners who make use of the wall in proportion to the purpose and nature of the repair.

Section 3. Destruction by Fire or Other Insured Casualty. If a party wall is destroyed or damaged by any casualty, the Unit Owners abutting the same shall have the obligation to repair or rebuild it, subject to the approval of construction of the Association and its participation in the adjustment of any insurance claim under Article VIII above.

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Section 4. Willful or Negligent Acts Causing Party Wall Damage. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act, or that of any invitee upon his premises, causes the party wall to be impaired, damaged, or exposed to the elements shall bear the whole cost of repair.,

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot and Unit of any other Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the Owner shall restore the adjoining lot or lots to or as near the same condition as that which prevailed prior to commencement of the work as is reasonably practical.

Section 7. Certification with Respect to Contribution. If any Owner desires to sell his property, and in order to assure a prospective purchaser that no adjoining Owner has a right contribution -as provided in this Article, he may request of the adjoining Owner a certificate or statement that no right of contribution exists, whereupon it shall be the duty of such adjoining Owner to make such certificate immediately upon request and without charge. If the adjoining Owner claims the right of contribution, the certificate shall contain a recital of the amount claimed and the basis therefore.

Section 8. Mandatory Arbitration of Party Wall Disputes. In the event of any dispute arising between Owners concerning a party wall under the provisions of this Article, such dispute shall be settled by arbitration before a select committee of the Association pursuant to the arbitration laws of the State of North Carolina as they now are, or are hereafter amended, and such arbitration shall be binding upon the parties.

ARTICLE XI

Architectural Control Committee

There currently exists a standing Architectural Control Committee of the Master Association. However, except as hereinafter described, the Properties to which this Declaration applies (whether originally or by amendment hereto) shall not be governed by said Committee, but shall be governed by the Architectural Control Committee of the Association created and described below.

Section 1. Composition and General Purpose. There is hereby created an Architectural Control Committee (hereinafter, the "Committee") for Reserve Green. Said Committee shall consist of three (3) members. Declarant shall have the unilateral right to appoint, substitute, or remove the members of the Committee until such time as all Lots in Reserve Green, and Lots which may be subsequently added by amendment and supplemental declaration, are conveyed by Declarant, or until such earlier time as Declarant shall elect to transfer such rights to the Association. Such transfer shall be accomplished by written notice of same to the Association from Declarant. Upon such notice, or upon the conveyance by Declarant of the last Lot to be conveyed by Declarant, the Association shall thereafter appoint the members of the Committee. The period

of service of individual members of the Committee shall, to the extent practical, be staggered to enhance continuity of experience.

The Committee shall exist for the general purpose of regulating the manner in which Lots and Common Areas are landscaped, developed, and utilized by the Association and Owners subsequent to the Declarant; the manner in which Units appear on their exterior; and enforcing all landscaping or other land use restrictions made applicable to Lots and Owners by this Declaration or the subsequent rules and regulations of the Association.

Section 2. Review of Proposals of Owners. The Committee shall review proposals by Lot Owners for the subsequent development and beautification of Lots and by the Association with respect to Common Areas. The Committee shall approve the proposals if they meet all of the requirements of this Declaration and the rules and regulations of the Association as may be enacted from time to time, and if in the opinion of the Committee the overall appearance of the property, as improved, will be visibly compatible and harmonious with other Lots and Units of the Properties and the plan is otherwise capable of being maintained properly. Notification of approval or disapproval shall be in writing. No improvement which is approved and accomplished shall be subsequently disapproved by any later Committee.

Section 3. Duty to Monitor. Further, the Committee shall monitor the ongoing beautification and development of the Properties generally to assure an aesthetically pleasing and manageable landscape. Any Owner deemed by the Committee to be in violation of any land use restriction, rule, or regulation shall be cited by the Association with appropriate notice delivered to him/her specifying the particularities of the perceived violation, and giving Owner 10, 20, or 30 days (as deemed most appropriate by the Committee) to cure the violation. Any failure to cure shall give rise to injunctive remedies in favor of the Association as provided by law.

Section 4. Right of Appeal. An Owner has a right of appeal to the full Board of Directors of the Association with respect to any proposal denied by the Committee or any citation of non-compliance. Such appeal must be communicated and delivered in writing to any member of the Board within 10 days of the date notification of rejection by the Committee is received by the Owner or within 10 days of receipt of any citation. The Board shall meet and act on the appeal within 30 days of the date appeal is first given. The appeal shall be denied if the only basis of the appeal is a general difference in opinion between the Owner and the Committee as to the suitability of the proposal or the substance of the citation, although the Board may sustain the appeal for any good cause it chooses.

ARTICLE XII

Easements Reserved by Declarant

Declarant hereby reserves unto itself all easements and rights to create easements which are shown or depicted on any recorded plat of the Properties for all utilities, future development, drainage, and Common Areas, including installation of facilities and maintenance thereof. Declarant shall have the right to convey rights in such easement areas to various utility companies as it deems necessary. In addition, Declaration reserves the right to subject the Properties to a contract with any power utility company regarding street lighting and to impose the cost thereof as a general expense of the Association.

ARTICLE XIII

General Provisions

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and Common Charges now or hereafter imposed by the provisions of this Declaration or bylaws. Failure by the Association or by any owner, to enforce any covenant or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. Amendment of Declaration by Association. This Declaration shall run with and bind the Properties made subject hereto for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless prior to such ten year anniversary date, 90% of the Lot Owners execute an instrument terminating the same at the end of the initial twenty year period. This Declaration may be amended by the Association during the first twenty (20) year period by and with the consent of not less than ninety percent (90%) of the Owners of Lots, and thereafter by and with the consent of not less than seventy-five percent (75%) of the Owners of Lots (one vote per Lot); provided, however, that the Association may amend this Declaration at any time, without the consent of Owners, to correct any obvious error or inconsistency in drafting, typing, or reproduction. All amendments shall be effective from the date of recordation in the Carteret County Registry, provided, however, that no such amendment shall be valid until it has been indexed in the name of this Association. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots in Reserve Green.

Section 4. Amendment of Declaration by Declarant. The Declarant, without the consent or approval of any other Member or Owner, shall have the right to amend this Declaration to conform to the requirements of law or any governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made or insured by a governmental agency, or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of North Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S. Department of Housing and urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

For so long as Declarant holds a majority of the votes in the Association, Declarant may amend this Declaration, without the consent or approval of any Member or Owner, for any reason it deems appropriate, such as an amendment to alter a floor plan. However, no such amendment shall be made or valid which results in any Unit previously sold and conveyed being in noncompliance with the amended Declaration, without the written consent of the Owner of such Unit. Further, no such amendment shall be made or valid which changes the overall general character of the Properties as a residential community; which results in, or creates the potential for, more Units than originally planned to be constructed in the Properties; or which substantially changes the exterior appearance of Units still to be constructed, without the written consent of all Owners then owning Lots. No amendment made pursuant to this Section shall be effective until duly recorded in the Register of Deeds of Carteret County.

Section 5. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Association, and thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion, and without the consent of any Owner, to qualify the Association or the Property, or any portion thereof, for tax-exempt status. Such amendment shall become effective upon the date of its recordation in the Carteret County Registry.

Section 6. Amendment to Conform to Statutory Requirements. Reserve Green is a Planned Community with the meaning of Chapter 47F ("Planned Community Act") of the North Carolina General Statutes. No provision of this Declaration shall be binding or enforceable in any manner which is directly contrary to the provisions of said Act. This Declaration shall be deemed amended as may be necessary to conform the provisions herein to the requirements of the Act.

IN WITNESS WHEREOF, Golf & Shore Properties, Inc., the Declarant herein, has caused this instrument to be executed by their duly authorized corporate officers and their respective corporate seal to be affixed this the 1st day of April, 2002.

GOLF & SHORE PROPERTIES, INC.