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Currituck County, NC
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

PINE ISLAND RESERVE SUBDIVISION
POPLAR BRANCH TOWNSHIP, CURRITUCK COUNTY, NORTH CAROLINA

STATE OF NORTH CAROLINA

COUNTY OF CURRITUCK

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions (the "Declaration"), is made and entered into on this 4th day of AUGUST A.D., 2011, by PINE ISLAND RESERVE LLC, a North Carolina limited liability company (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article One of this Declaration and desires to create thereon a residential community (the "Community") together with streets, roads, footways, open spaces, entrances, drainage facilities, access easements, site lighting and signage, and any recreation area(s), common area(s) and any other common properties shown on any recorded plat of such real property or a portion thereof (hereinafter referred to collectively as the "facilities") for the benefit of the Community; and,

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in the Community and for the maintenance of the facilities and, to 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 of a portion thereof; and,

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

WHEREAS, Declarant has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation, Pine Island Reserve POA, Inc. (the "Association"), for the purpose of exercising the functions aforesaid;

NOW, THEREFORE, the Declarant declares that the real property described in Article One, 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") as 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 Currituck County, North Carolina, and is more particularly described as follows:

See Exhibit "A" attached hereto and incorporated herein by reference.

Section 2. Additions to Existing Property. Real property in addition to the Existing Property may hereafter become subject to this Declaration in the following manner:

(a) Additions in Accordance with a Master Plan of Development. The Declarant, its successors and assigns, shall have the right but not the obligation, without the further consent of the Association or the Members, to bring within the scheme and operation of this Declaration, additional properties, including but not limited to the property more particularly described on Exhibit "B" attached hereto and incorporated herein by reference (the "Southern Additional Property").

The additions authorized under this and the succeeding subsection shall be made by filing of record in the Currituck County Register of Deeds Office one or more supplementary Declaration of Covenants, Conditions and Restrictions with respect to such additional property or properties which shall extend the operation and effect of this Declaration to such additional property or properties.

Any Supplemental Declaration(s) may contain such complementary additions and modifications of this Declaration as may be necessary or convenient, in the judgment of the Declarant, to reflect and adapt to any difference in character of the added properties, and as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such supplementary Declaration revoke, modify, or add to the covenants and restrictions established by this Declaration so as to effect the Existing Property; however, this provision shall not be interpreted to prohibit or prevent any increase in the "assessments" (as hereinafter defined) payable by an Owner of any portion of the Existing Property by reason of any such additions.

(b) Other Additions. Upon approval in writing of the Association, pursuant to authorization of two-thirds of the vote of all of its Members, voting as provided in Article Five of Section 2 hereof, the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration of Covenants, Conditions and Restrictions as described in subsection (a) above.

(c) Mergers, Combinations or Consolidations. Upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to The Properties of the Association as a surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the Covenants, Conditions and Restrictions established by this Declaration within the Existing Property, together with the covenants and restrictions established upon any other properties as one scheme. No such merger, combination or consolidation, however, shall affect any revocation or change of, or addition to, the Covenants, Conditions and Restrictions established by this Declaration within the Existing Property, except as herein provided.

ARTICLE TWO

DEFINITIONS

Section 1. The following words when used in this Declaration or any amended or supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

(a) "Assessments" or "Assessments" or "Common Charges" shall mean and refer to the assessments and charges levied against the Owners of Lots or Dwelling Units in The Properties, as hereinafter defined, pursuant to Article Seven of the Declaration and Article XII of the Bylaws; and the words assessments or Assessments shall have the same meaning as Common Charges, unless the context requires otherwise.

(b) "Association" shall mean and refer to the Pine Island Reserve POA, Inc.; and "Bylaws" shall mean and refer to the Bylaws of the Association.

(c) "Board" shall mean and refer to the Board of Directors of the Association.

(d) "Common Expenses" shall mean and refer to:

(i) Expense of administration, maintenance, repair or replacement of the Common Properties.

(ii) Expense declared Common Expense by the provisions of this Declaration or the Bylaws.

(iii) Expense agreed upon as Common Expense by the Association and lawfully assessed against Owners of Lots or Dwelling Units in accordance with the Bylaws or this Declaration.

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

(e) "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties (or any other real property described or referred to in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected) labeled as "Open Space," "Common Area", "Common Properties" or shown as Recreational Facilities, beach access, streets, roads or pedestrian walking easements (together with all improvements located thereon), and as such intended to be devoted to the common use and enjoyment of the Owners of the Lots and Dwelling Units, subject to special rights, if any, granted Owners of particular Lots or Dwelling Units, which are a part of the Properties.

(f) The "Declarant" shall mean and refer to Pine Island Reserve, LLC and any person or entity who is specifically assigned the rights and interests of Declarant hereunder.

(g) "Dwelling Unit" shall mean and refer to any improved property intended for use and occupancy as one (1) single family dwelling, irrespective of the numbers of Owners thereof (or the form of ownership) including any single family detached dwelling located within The Properties.

(h) "Limited Common Properties" or "Limited Common Areas" shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Dwelling Unit) shown on or designated as Limited Common Properties or Limited Common Areas on any recorded subdivision map of The Properties, and intended for the use of the Owners of particular Lots or Dwelling Units to the exclusion of other Owners. Any property so designated shall be for the exclusive use of the Owners of the Dwelling Units or the Lots so designated on the recorded plats.

(i) "Limited Common Expense" shall mean and refer to expense of administration, maintenance, repair or replacement of Limited Common Properties or Limited Common Area which shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment thereof.

(j) "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit which shall not include garages, carports, porches, patios, storage areas, breezeways, terraces, basements or playrooms.

(k) "Lot" shall mean and refer to any unimproved parcel of land within The Properties which is intended for use as a site for a single family detached dwelling, as shown upon any recorded subdivision map of any part of The Properties, with the exception of Common Properties or Limited Common Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved property, i.e., a Dwelling Unit.

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

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

(n) "The Properties" shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Declaration by any Supplemental Declaration under the provisions of Article One of this Declaration.

(o) "Recreational Facilities" shall mean and refer to the area(s), if any, shown and designated as such on any recorded subdivision map of The Properties, and any improvements erected or to be erected upon any such area(s).

ARTICLE THREE

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, The Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of three-fourths (3/4) of the Lots and Dwelling Units has been recorded, agreeing to change said covenants and restrictions in whole or in part; provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is 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 emailed and a "read message receipt" is generated, to the last known email address of the person who appears as Member or Owner on the records of the Association at the time of such mailing or mailed, postpaid, U.S. Mail, 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 or Dwelling Unit is held by more than one, shall constitute notice to all Owners of a Lot or Dwelling Unit.

Section 3. Enforcement. Enforcement of these covenants, conditions and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant, condition or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants, conditions and restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 5. Mortgage Holder Approval Not Required for Bylaws Amendments. Mortgage holder approval shall not be necessary to amend the Bylaws.

ARTICLE FOUR

ARCHITECTURAL CONTROL AND RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 1. Architectural Control.

(a) Purposes. The Declarant desires to provide for the preservation of the values in The Properties with respect to any Dwelling Unit to be constructed on any Lot constituting a portion of The Properties, and to that end, desires to establish an Architectural Control Committee in order to provide and maintain certain standards as to harmony of external design and location in relation to surrounding structures and topography.

(b) Architectural Control. Unless expressly authorized in writing by the Architectural Control Committee (the "Committee") no Dwelling Unit, fence, wall, driveway or other structure nor any exterior addition or alteration to any existing Dwelling Unit, nor any clearing or site work shall be commenced, erected or maintained upon The Properties, until plans and specifications therefor showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, well (if any), septic tank and drain field (if any), floor plan and elevations therefor, and landscape plan (all of which is hereinafter referred to as the "Plans"), shall have been submitted in four (4) complete copies to and approved in writing, as to harmony of external design and location in relation to any surrounding structures and topography, by the Committee. The Committee shall have the absolute and exclusive right to refuse to approve any such plans and specifications which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient; Notwithstanding anything to the contrary contained herein, once construction commences on a Lot, it must be completed within 12 months unless the Committee otherwise gives its written consent. The Committee shall have the right to develop Architectural Guidelines which shall be applicable to the Community and shall be available for review in the principal office of the Association.

(c) Architectural Control Committee.

(i) Membership. The Committee shall be composed of three (3) persons, 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 a successor. Unless otherwise approved by the Association, neither the members of

the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available to any Owner.

(ii) Procedure. At least thirty (60) days prior to the commencement of any construction or land disturbing activities, 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 the Committee members, as to the approval, disapproval or waiver by the Committee, shall be controlling. In the event the Committee, or its designated representative, fails to approve or disapprove within forty-five (45) days after Plans have been received by it, whether before or after construction has commenced, 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; furthermore, in the event any construction is commenced on any previously unimproved Lot without submission to the Committee of the complete set of plans, plat, application and fee 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 Dwelling Unit 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.

(iii) Application of this Article. This Article Four shall apply to any additions to The Existing Property subsequently made subject to this Declaration and the terms and provisions of any supplement or amended Declaration.

Section 2. Restriction on Use and Rights of the Association, Declarant and Owners: Prohibition Against Time Sharing or Other Devices.

(a) Permissible Uses. No Lot shall be used except for residential purposes (with the exception of any sales center constructed by the Declarant), and no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit, which shall comply with any applicable zoning regulations. When construction of any Dwelling Unit, structure, improvement, or addition thereto has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof.

(b) Division of Lots. No Lot shall be further divided, except that any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by each Owner and provided further that only one Dwelling Unit may be constructed on the Lot as subdivided and combined.

No unit of ownership or ownership interest may be subdivided to permit "Time Sharing" or other "devices" to effect interval ownership unless approved by the Association subject to conditions which may be imposed by the Association.

For purposes of this section "Time Sharing" or other "devices" to effect interval ownership shall include but not be limited to ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which six (6) or more persons not members of a single household have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

(c) Utilities and Easements. All utility lines of every type, including but not limited to water, electricity, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant 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, wires, cables and conduits for the purpose of bringing public services to The Properties on, in, under and over (i) streets or roads shown on any recorded plat of The Properties, (ii) fifteen (15) feet of each Lot line fronting on a street and ten (10) feet along the side lines of each Lot, and (iii) ten (10) feet along the rear line of each Lot, and such other areas as are shown on any recorded plats of The Properties, provided further, that the Association may cut, at its own expense, drainways for surface water wherever and whenever such action is required by applicable health, sanitation or other state or local authorities in order 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 Declarant or others, the easements created hereby shall exist on the Lots in such additions to The Properties. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

(d) Minimum Square Feet in Dwelling Unit. Each Dwelling Unit shall contain a minimum of 4000 heated square feet of finished Living Area. Measurements shall be made to exterior walls.

(e) Temporary Structures. No structure of a temporary character shall be placed upon any portion of The Properties at any time, provided, however, that this prohibition shall not apply to (i) shelters or huts used by contractors during the construction of a Dwelling Unit, or improvements or additions thereto on any Lot, or (ii) one (1) commercial-grade tent remaining on a Lot in a location pre-approved by the Committee (at the time of presenting the Plans for initial construction of the Dwelling Unit or at any subsequent time) for a period not exceeding seven consecutive (7) days. For purposes of the approval required in this subsection (e)(ii), the notice and response procedure provided in Section I(c)(ii) shall control except that references to construction of an improvement shall be changed to assembly of a tent where necessary by context. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or permitted to remain on any portion of The Properties.

The Declarant shall be permitted to locate one (1) sales center on The Properties, and any Owner may locate a construction trailer on his Lot during the period of construction or remodeling of a Dwelling Unit.

(f) Committee Approval of Plans and Other Prohibitions.

(i) As provided in Section 1 of this Article Four, no Dwelling Unit, structure, building, appurtenance, attachment, improvement or addition shall be built, constructed or maintained (including painting, roofing, major landscaping, paving) unless the Plans therefore have been approved by the Committee as provided in Section 1(c)(ii) and such building or construction is completed in strict accordance with said Plans. In addition, any such Dwelling Unit shall comply with all applicable building, plumbing, electrical and other codes.

(ii) Without approval by the Committee, no vent or other pipes or appendages may extend from the front of any Dwelling Unit, unless screened from public view by a screening material or shrubbery approved by the Committee.

(iii) Any exterior air-conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the Committee.

(iv) Down spouts and gutters, if any, shall be constructed as to not promote the erosion of the soil of any Lot.

(v) Exterior spotlighting shall be directed so as not to cast light directly on another Dwelling Unit.

(g) Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage, and all garbage receptacles, tools and equipment for use on the Lot of any Owner or otherwise shall be placed in a screened and protected area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads abutting the Lot. No fuel tanks or similar storage receptacles, other than solar panels and related storage facilities, may be exposed to view and such fuel tanks or similar storage receptacles may be installed only within the Dwelling Unit, or an accessory building, or buried underground.

(h) 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 materials shall be placed upon any portion of The Properties, except as is temporary and incidental to the bona fide improvement of any portion of The Properties.

(i) Antennas. No satellite receiving dish, radio antennae, receiver or sender or other similar device over one meter in diameter shall be allowed on any Lot. Those allowed may be put in any location as long as the location is approved and designated by the Committee and in compliance with the Telecommunications Act of 1996. The provisions of this paragraph shall not apply to the installation by the Association of equipment necessary for a CATV and mobile radio systems within The Properties.

(j) Trees and Foliage. Trees measuring three (3) inches or more in diameter, at a point two (2) feet above ground level, and any flowering trees or shrubs above five (5) feet in height may not be removed from The Properties without the approval of the Committee in accordance with Section 1(c)(ii), unless located within ten (10) feet of a Dwelling Unit, or site for such Dwelling Unit, or driveways and walkways located or to be located on any Lot as depicted on the Plans. Excepted herefrom shall be damaged trees or trees which must be removed because of an emergency.

(k) Unightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly, or unkempt conditions of his Dwelling Unit or grounds on a Lot of any Owner which shall tend to materially decrease the beauty of The Properties specifically and as a whole.

(l) No Offensive Activity or Fires. No noxious or offensive activity or excessive noise shall be carried on upon any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of The Properties. Fires on any Lot or on any portion of the Common Properties are prohibited unless procedures adopted by the Board are strictly complied with.

(m) Animals and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other Lots or Dwelling Units by any Owner, tenants and guests thereof, may be maintained. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or Dwelling Unit, except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. Feral cats are not to be fed.

(n) 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.

(o) Motorized Vehicles. All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise which might be offensive to others. All vehicles and bicycles (motorized or otherwise) are prohibited from being used or operated on or within unpaved areas of the Common Properties and/or the frontal dune system; and all vehicles shall remain on roads within the Common Properties. Electric carts must be licensed and may only park in designated approved areas.

(p) Signage. No sign of any kind shall be displayed to the public view on any Lot or Dwelling Unit except one (1) sign with dimensions of not more than two feet by three feet advertising any Lot or Dwelling Unit for sale or rent. All other signs on any Lots must conform with rules and regulations adopted (from time to time) by the Committee or must be approved in writing by the Committee. Notwithstanding the foregoing, the Declarant shall have the right to

locate signs indicating the location of sales and rental centers, any Recreation Facilities and such other information as may be required on any Lot on which the Declarant locates such a facility.

(q) Pavement of Joint Driveway. Any joint driveways (Limited Common Properties) shown on any recorded subdivision map of The Properties, if and when improved, shall be improved and maintained by the Owners of the Lots on which such joint driveways are indicated at the time a Dwelling Unit is located on one (1) of such Lots.

(r) Vegetation. No existing vegetation or sand dunes shall be disturbed during construction without the express written consent of the Architectural Control Committee. The Committee shall require written proposals for the restabilization of any such disturbed area. Any vegetation disturbed during construction shall be repaired to the satisfaction of the Committee prior to Owner applying for an occupancy permit from Currituck County or the appropriate municipal body. This shall not prevent the Committee or the Association from engaging in such earthmoving, cleaning, mowing, and pruning activities as are necessary to affect the overall plan of development.

(s) Mail and Delivery Boxes. The Committee shall determine the standards and issue guidelines thereof for the location, material, color and design for mail and newspaper boxes, if any, and the manner in which they shall be identified.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Dwelling Unit 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 who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class A: Class A Members shall be all Owners of Lots or Dwelling Units, other than the Declarant. Any Class A Member shall be entitled to one vote for each Dwelling Unit or Lot which he owns; provided, however, in the event of a merger, combination, or consolidation with another association, each Class A Member shall be entitled to the commensurate number of votes as a like-situated Class A member (or other equivalent class) in such other association.

(b) Class B: The Class B Member shall be the Declarant, which shall be entitled to three (3) votes for each Lot or Dwelling Unit owned by it within The Properties (including any additions to the Existing Property). The Class B Membership shall cease and be converted to Class A Membership on the happening of one of the following events, whichever occurs first:

- (i) When the total votes outstanding in Class A Membership is equal to the total votes outstanding in the Class B Membership if the following conditions have been satisfied: (1) Declarant has exercised its right to bring the Southern Additional Property within the scheme and operation of this Declaration by filing one or more supplementary Declaration of Covenants, Conditions and Restrictions with respect to the Southern Additional Property, and (2) the Southern Additional Property has been subdivided into lots pursuant to Declarant's master plan of development as evidenced by the recording of a subdivision plat,
- (ii) April 30, 2025, or
- (iii) Declarant elects in writing to convert the Class B Membership to Class Membership.

When more than one person or entity holds an interest in any Lot or Dwelling Unit, all such persons shall be Members, and the vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote for their Lot or Dwelling Unit, but in no event shall more than one (1) vote be cast with respect to any such Lot except in the event of a merger, combination, or consolidation with another association, to the extent provided in Section 2(a). In no event shall the foregoing sentence be construed to prohibit the Class B Member from exercising three (3) votes for each Lot or Dwelling Unit owned by Declarant.

ARTICLE SIX

PROPERTY RIGHTS IN THE COMMON PROPERTIES

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 or Dwelling Unit.

Section 2. Title to Common Properties. The Declarant may retain the legal title to any Common Properties, other than streets or roads shown on any recorded plat of The Properties, until such time as it has completed improvements, if any, thereon and until such time as, in the opinion of the Declarant, the Association is able to maintain the same but, notwithstanding any provision to the contrary herein, the Declarant hereby covenants, for itself, its successors and assigns, that it shall convey, and upon such conveyance the Association shall accept, any such Common Properties to the Association not later than April 30, 2025. The streets and roads in the Community shall be Common Properties and the expense of maintenance shall be borne by the Association.

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 Declarant, in its sole discretion and at no cost to any Owner, to grade, pave or otherwise improve any road or street shown on any recorded plat of The Properties.

(b) The right of the Association, as provided in its Articles or Bylaws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of any published rules and regulations adopted by the Board; and

(c) The right of the Association to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless fifty-one percent (51%) of the votes of Members entitled to vote, at a Special Meeting of the Members called in accordance with the Bylaws (any consents in writing presented to the Secretary or other officer of the Association at or prior to such meeting shall constitute votes of Members), consent to and approve of such dedication, transfer, purpose or condition. If so agreed to and approved by the Members, such dedication and transfer, specifying the purpose(s) and condition(s) thereof, shall be executed by the President and Secretary of the Association with the same formalities of a deed and recorded in the Currituck County Public Registry.

(d) The rights of Members of the Association shall in no way be altered or restricted because of the location of the Common Properties in any additions to the Existing Property constituting a portion of The Properties in which such Member is not a resident. Common Properties belonging to the Association shall result in membership entitlement, notwithstanding that the Lot or Dwelling Unit acquired which results in membership rights as herein provided is not located within any property (phase), made subject in whole or in part to this Declaration, which contains any Common Properties.

(e) The right of the Association or its assignee to charge reasonable admission and other fees for the use of any Recreational Facilities situated upon the Common Properties.

Section 4. Driveway Culverts. Each Owner, if required by the Architectural Control Committee in the approval of the Plans process, when making a driveway connection to the street or to a cul-de-sac, will provide a suitable drainage culvert (designed to North Carolina Department of Transportation standards), so as to allow for unimpeded water movement along the existing roadway swale, and will maintain that culvert at all times in such a way that it does not become an eyesore or disturb the desired drainage pattern in the swale system.

Section 5. Stormwater Management Improvements. The Association and each Owner shall be responsible for maintenance of stormwater management devices and shall otherwise comply with any stormwater management practices pursuant to and in accordance with the Community's stormwater management plan. Declarant shall be entitled, at its election, subject to approval by the State of North Carolina, to obtain a Stormwater Permit for the

Community. In such event, the Association and each Owner shall be obligated to comply with the terms and conditions thereof.

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner, other than the Declarant, of any Lot or Dwelling Unit, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to all the covenants, conditions and restrictions of this Declaration and to pay to the Association: (1) annual assessments or charges as herein or in the Bylaws provided, (2) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided), and (3) any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any Rules and Regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the Bylaws. The annual and special assessments and any liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Unit against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such Lot or Dwelling Unit at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, security, safety and welfare of the residents of The Properties and in particular for:

- (a) the improvement, maintenance, and replacement of the Common Properties (including, without limitation, the private streets and roads (which shall be maintained in an all weather passable condition) and the Recreational Facilities),
- (b) maintenance of exteriors of Dwelling Units and related improvements on Lots (subject to reimbursement by the Owner(s) of such Lot or Dwelling Unit) pursuant to Article Eight, Sections 1 and 2 of this Declaration,
- (c) maintenance, improvements, and replacement of Limited Common Properties, and pedestrian walking easements and all improvements thereto,
- (d) establishment of capital & major repair/replacement reserves,
- (e) for the acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Common Properties or for the acquisition of services and facilities devoted to the Owners, including but not limiting to, the cost of repairs, replacements,

additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Properties, the procurement and maintenance of insurance related to the Common Properties, its facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, the procurement of contractual rights to use amenities or common properties in neighboring developments or to participate in projects with neighboring developments (e.g., dune management), and such other requirements as may be necessary to perform all of the aforesaid functions and purposes.

(f) Restoration, monitoring, and maintenance of oceanfront primary dunes and beach;
and

(g) A reserve fund for the purposes set forth in this Article Seven, Section 2(f), by the Association, or jointly with neighboring properties.

Section 3. Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for every Lot or Dwelling Unit within the category or form of ownership applicable to such Lot or Dwelling Unit. There will be no difference between the assessments as to Lots or between assessments as to Dwelling Units, except to the extent Limited Common Properties are located on a Lot or Lots, and except for the degree of benefit the Lots and/or the Dwelling Units receive from the oceanfront primary dune restoration, as determined pursuant to Article Seven, Section 6.1. In addition, the Owner(s) of some Dwelling Units may be subject to an assessment for the maintenance, improvement replacement of any Limited Common Properties located on or adjacent to the lot on which said Dwelling Unit is located.

Assessments shall be determined by the costs, experienced or reasonably anticipated, to the Association of carrying out the purposes and functions set forth in Section 2(f) and 2(g) above.

Section 4. Application of Annual Assessment. The fiscal year of the Association shall be the calendar year. The annual assessments for each Lot or Dwelling Unit shall be paid by January 1 of each calendar year (provided the Board shall have the right to decide on a different due date for the assessments or that the assessments be paid on a semi-annual or quarterly basis rather than once a year) and shall be deemed delinquent if not paid within 30 days of the due date. Interest shall begin to accrue at the rate of 18% per annum (or such higher rate allowed by applicable law) once delinquent and until judgment is obtained. The annual assessments provided for herein shall commence at the time each Lot is conveyed by Declarant to a Lot Owner. Annual assessments shall be payable in advance and shall be adjusted where ownership is acquired during the year according to the number of days remaining in the calendar year. Annual assessments shall be payable to the Association by a buyer at closing. The regular annual assessment for the calendar year 2011 shall be \$3500. Commencing with the calendar year beginning January 1, 2012 and continuing each year thereafter unless the Board, by unanimous decision, shall determine otherwise, the regular annual assessments shall automatically increase by Five Percent (5%) per annum, compounded annually. If the Board, by unanimous decision, determines that such 5% automatic increase is inadequate, the Board may increase the regular annual assessment in an amount up to Ten Percent (10%) per annum, compounded annually, provided that any such increase above the 5% automatic increase for any

given year shall have the consent of two-thirds (2/3) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the Bylaws for Special Meetings. The limitations of this Section 4 shall not apply to any change in the maximum amount and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized by law to participate or as an incident to any (i) additions to The Properties under Article One, Section 2 or (ii) submission pursuant to Article One, Section 2 of this Declaration.

Section 5. Special Assessments for Capital Improvements. In addition to the regular annual assessments authorized by Section 4 hereof, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including, without limiting the generality thereof, any lake, the Recreational Facilities, waterway, or pond) located upon the Common Properties or the Limited Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the Bylaws for Special Meetings.

Section 6. Assessments for Restoration, Monitoring, and Maintenance of Oceanfront Primary Dunes and Beach.

In addition to the maximum regular annual assessments, as set forth in Section 4 of this Article Seven, the Board may levy an annual assessment for the funding of a reserve fund solely for the purpose of restoration, monitoring and/or maintenance of the oceanfront primary dune and beach and/or to provide funding for a specific project for this purpose subject, however, to the following provisions:

The maximum amount, or ceiling, of the reserve fund must be approved by the membership by a majority vote of a quorum, in person or by proxy, at a regular meeting of the membership, and

The Board of the Association is authorized to establish the "degree of benefit" of each Lot in the development and to allocate the assessments for specific projects and/or the reserve fund to the Lot Owners based upon the "degree of benefit" of each Lot from the restoration, monitoring and maintenance of oceanfront primary dune and beach. The decision of the Board of the "degree of benefit" shall be approved by the membership by a majority vote of a quorum, in person or by proxy, at a regular or special meeting of the membership.

Section 7. Quorum for any Action Authorized Under Section 4. The quorum required for any action authorized by Sections 4, 5 and 6 of this Article shall be as follows:

At the first meeting called, as provided in Sections 4, 5, and 6 of this Article, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4

and 5 and 6 of this Article, and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding scheduled meeting.

Section 8. Notice of Assessment. The Board shall fix the amount of the annual assessment no later than December 1 of each year (or if assessments are collected more frequently than annually, thirty (30) days prior to the due date therefor). Written notice of the annual assessment shall be sent to every Owner subject thereto no later than December 15 of each year (or if assessments are collected more frequently than annually, fifteen (15) days prior to the due date therefor). The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot or Dwelling Unit have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot or Dwelling Unit is binding upon the Association as of the date of its issuance, signed by the President or Manager.

The first assessments levied against any additions to The Properties, not 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 4 of this Article as the remaining number of months in that year bear to twelve.

The due date of any special assessment under (i) Section 5 hereof, or (ii) any other assessments permitted by this Declaration, shall be fixed in the resolution or resolutions authorizing such assessment.

Section 9. Duties of the Board. The Board shall prepare a roster of the Lots and Dwelling Units and assessments applicable thereto which shall be kept in the Office of the Association, or at any other place designated by the Board upon notice to the Members, and shall be open to inspection by any Owner. Written notice of the assessment or assessments thereupon shall be sent to every Owner subject thereto.

Section 10. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessments become delinquent, the assessments, together with such interest thereon and cost of collection thereof, thereupon become a continuing lien on the Lot or Lots, or Dwelling Unit or Dwelling Units, which shall bind such Lot or Lots, or Dwelling Unit or Dwelling Units, in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot or Dwelling Unit) unless expressly waived by the Board.

If the assessment or assessments is not paid within thirty (30) days after the delinquency date, the Board acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot or Lots, or Dwelling Unit or Dwelling Units, and there shall be added to the amount of such assessment, accrued interest, the costs of such action and reasonable attorneys' fee or other cost incurred by the officers of the Association pursuant to authority of the

Board. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the cost of the action.

Section 11. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot or Lots, or Dwelling Unit or Dwelling Units, subject to assessment. The subordination shall not relieve any Lot or Lots, or Dwelling Unit or Dwelling Units, from liability for any assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage or deed of trust, irrespective of when such first mortgage or deed of trust was executed and recorded.

Section 12. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (a) all Common Properties 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. Homestead exemptions shall not be considered an exemption.

Notwithstanding any provisions of this Section 12, no Lot or any Dwelling Unit shall be exempt from said assessments, charges or liens.

Section 13. Declarant's Obligations for Assessments. The Declarant's obligation for assessments on unsold Lots or Dwelling Units subject to this Declaration will be limited to the difference between the actual operating costs of the Association, excluding reserves on the Common Properties, and the assessments levied on Owners who have closed title on their Lots or Dwelling Units. After December 31, 2020, Declarant shall pay assessments as would any other Owner for each Lot or Dwelling Unit owned by the Declarant.

ARTICLE EIGHT

EXTERIOR MAINTENANCE AND INSURANCE

Section 1. Exterior Maintenance. In addition to maintenance on the Common Properties and after thirty (30) days written notice to any Owner which shall specify the required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot and (b) maintenance upon any Dwelling Unit, which is subject to assessment under Article Seven hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, and exterior improvements on any Dwelling Unit. Such maintenance as to a vacant Lot may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

Section 2. Assessment of Cost on Exterior Maintenance. The cost of any such maintenance shall be assessed against the Lot or Dwelling Unit upon which such maintenance is done and shall be added to and become part of the regular annual assessment or charge to which

such Lot or Dwelling Unit is subject and, as part of such regular annual assessment or charge, it shall be a lien against any such Lot or Lots, or Dwelling Unit or Dwelling Units, as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

Section 3. Insurance on Dwelling Units. Each Owner of any Dwelling Unit within The Properties, by acceptance of a deed therefor, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

(a) To keep each Dwelling Unit insured against loss by fire or other casualty, with extended coverage insurance, in an amount equal to at least 100% of the replacement cost of such Dwelling Unit;

(b) To name the Association as an insured "as its interest may appear", so that the Association shall be entitled to receive notice of cancellation of such insurance policy;

(c) To build or restore such Dwelling Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit; and

(d) To keep the Dwelling Unit in good repair as required by this Declaration or by the Bylaws.

In the event of non-payment of any premium for insurance required under this Article Eight, the Association is authorized, but not obligated or required, to pay such premium and the sum so paid shall become a lien upon the Dwelling Unit enforceable in the same manner and to the same extent as provided for enforcement of liens for assessments hereunder.

ARTICLE NINE

AMENDMENT TO DECLARATION

An amendment to this Declaration may be proposed by the Board acting upon a vote of a majority of the Directors, or by the Members of the Association owning a majority of the voting interests in all of the Lots and Dwelling Units, whether meeting as Members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board or Members, such proposed Amendment shall be transmitted in writing to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than ten (10) days nor later than fifty (50) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each Member written notice of such Special Meeting, stating time and place, and reciting the proposed Amendment in reasonably detailed form, which notice shall be sent in accordance with Article 3, Section 2 of this Declaration. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the

Amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the votes of Members (including the Declarant) entitled to vote in order for such Amendment to become effective. At any meeting held to consider such Amendment, the written vote of any Member of the Association shall be recognized and counted if such Member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. If so approved, such Amendment of this Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted and approved by the requisite percentage of Members. The original or an executed copy of such Amendment so certified and executed by said officers with the same formalities as a deed, shall be recorded in the Currituck County Public Registry, and no such Amendment to this Declaration shall be effective until so recorded. If any Amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

ARTICLE TEN

CONTEMPLATED MERGER

It is contemplated that at some future date prior to October 31, 2015, the Association may be merged with Pine Island POA, Inc. ("PIPOA") at which time the Existing Property including all Lots, Dwelling Units, and Common Properties may be incorporated into PIPOA, except as specifically provided in the documents of merger. The contemplated merger may afford the Members of the Association and the members of PIPOA reciprocal rights and privileges to use the common properties of each of the two Associations and may subject the members of each of the two associations to the obligation to provide for the operation and maintenance (including the establishment of necessary reserves) of the common properties within each community. If the contemplated merger occurs, Members of the Association will become members of PIPOA with voting rights equivalent to those of existing members of PIPOA.

In the interim, the Association also may operate under a contract or license (the "Interim Agreement") with the Board of PIPOA in a manner which may afford the Members of the Association and the members of PIPOA reciprocal rights and privileges to use the common properties of each of the two associations and may subject the members of each of the two associations to the obligation to provide for the operation and maintenance (including the establishment of necessary reserves) of the common properties within each community. To accomplish this end, the annual assessments for the Association will be set by the Board at levels which will include sufficient funds to pay for a contract or license with PIPOA and a portion of the funds will be paid to PIPOA (in accordance with and pursuant to Article Seven, Section 2(e) of this Declaration) which will administer the funds and provide for the operations and maintenance of all common properties within each of the associations.

In connection with the Interim Agreement and the prospective ultimate merger of the associations, the Declarant has agreed to pay substantial money on behalf of the Association to PIPOA to assist funding for 1) a dune maintenance program for PIPOA and the Community administered by PIPOA, 2) reserves for the replacement of various amenities and common

properties (but not for streets) within PIPOA and the Community, and 3) the annual operating budget of PIPOA and the Association.

By purchasing a Lot or Dwelling Unit in the Community, each Owner consents to the Interim Agreement and the prospective merger as described above in accordance with Article One, Section 2(c) and, upon an affirmative vote of the members of PIPOA in favor of a merger, the merger will be completed without the requirement for any vote by the Association or the Members.

ARTICLE ELEVEN

CAPTIONS, INTRODUCTIONS AND GENDER

The caption and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

Pine Island Reserve, LLC

By: [Signature] (SEAL)
SUMIT GUPTA

North Carolina

Currituck County

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document:

Sumit Gupta
(name of principal and office/capacity.)

Date: 8/4/11

[Signature]
Official Signature of Notary

Lisa Arnold Davis
Notary's printed or typed name, Notary Public

My commission expires: 07/02/2015

(Official Seal)

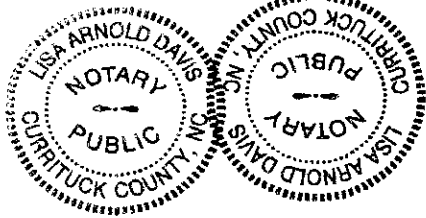


EXHIBIT A

Tract A, consisting of approximately 3.683 acres, as shown on that certain plat entitled in part, "Subdivision, National Audubon Society," by Katherine C. Marchello, PLS, Surveyor's Certificate dated February 22, 2011, and recorded in Plat Cabinet L, Slide 158, Currituck County Registry.

Unofficial

EXHIBIT B

Tract B, consisting of approximately 8.495 acres, as shown on that certain plat entitled in part, "Subdivision, National Audubon Society," by Katherine C. Marchello, PLS, Surveyor's Certificate dated February 22, 2011, and recorded in Plat Cabinet L, Slide 158, Currituck County Registry.

Unofficial