



**Master Declaration
of
Covenants, Conditions, Restrictions and Easements
for
Arlington Place**

Located in the Town of Minnesott Beach
Pamlico County, North Carolina

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(Without Title Examination)

**Master Declaration of Covenants, Conditions, Restrictions and Easements
for Arlington Place**

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Master Declaration of Covenants, Conditions, Restrictions and Easements for Arlington Place

THIS MASTER DECLARATION is made on _____, 2006, by **Burton Farm Development Company, LLC**, a North Carolina limited liability company (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is developing certain real property located in Pamlico County, North Carolina, and more particularly described on **Exhibit "A"** attached hereto and incorporated herein by reference, as part of a planned community that may include a variety of residential, commercial, recreational and other uses;

WHEREAS, Declarant desires to subject said property to the provisions hereof for the purpose of providing a flexible method for the administration and maintenance of the common elements of the planned community and imposing certain use restrictions and architectural controls; and

WHEREAS, Declarant retains and reserves the right and option to annex and subject additional property to the provisions hereof from time to time.

NOW, THEREFORE, Declarant hereby declares that all of the property described on Exhibit "A" attached hereto, and any additional property which Declarant, in its sole discretion, shall subject to this Master Declaration by amendment hereto, shall be subject to the covenants, conditions, restrictions and easements set forth herein, as specifically made applicable by the provisions hereof. Such covenants, conditions, restrictions and easements are hereby imposed for the purpose of protecting the value and desirability of these lands, and shall run with the title to the real property subjected to this Master Declaration, and shall be binding on and inure to the benefit of all parties having any right, title or interest in such property or any portion thereof.

Article I

Definitions and General Provisions

Section 1. Definitions. As used in this Master Declaration, the following terms with initial capital letters shall have the following meanings and, as required by context, these definitions shall apply to both the singular and plural forms of such terms:

(a) "Architectural Review Committee" or "ARC" shall mean the committee established pursuant to this Master Declaration to adopt architectural guidelines, review plans for improvements and landscaping, and enforce design and construction requirements.

(b) “Articles of Incorporation” shall mean the Articles of Incorporation of the Association filed in the office of the Secretary of State of North Carolina, as the same may be amended from time to time.

(c) “Assessment” shall mean an Owner’s share of the Common Expenses and other charges from time to time assessed against an Owner by the Association as provided for herein, including Annual Assessments, Special Assessments, Segment Assessments, and all fees, late charges, fines, interest and other charges (including costs of collection and reasonable attorneys’ fees) imposed or authorized to be collected by the Association pursuant to this Master Declaration, the Bylaws, rules and regulations of the Association, or applicable law.

(d) “Association” shall mean Arlington Place Property Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

(e) “Authorized User” shall mean a family member, guest, invitee, licensee, lessee, tenant, contractor or agent of an Owner. With respect to an Owner that is a corporation, limited liability company, partnership, association, trust or other entity, the Authorized Users shall include the owners, officers, directors, members, managers and/or beneficiaries of the Owner, provided that the Association may establish a reasonable limit on the number of Authorized Users for each property and the Association may require the Owner to designate its Authorized Users in writing.

(f) “Bylaws” shall mean the Bylaws of the Association, as initially adopted by the Executive Board and as the same may be amended from time to time.

(g) “Common Elements” shall mean any real property or real property interest owned by or leased to the Association. Common Elements shall include Limited Common Elements.

(h) “Common Expenses” shall mean expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses shall include General Common Expenses and Limited Common Expenses.

(i) “Community” shall mean all of that land described on Exhibit “A” attached hereto, together with all improvements now or hereafter located thereon, and all additional property annexed into the Community in accordance with the provisions of this Master Declaration.

(j) “Declarant” shall mean, collectively: (i) Burton Farm Development Company, LLC, a North Carolina limited liability company; (ii) successors of Burton Farm Development Company, LLC or another Declarant by operation of law; and (iii) any Persons who are (A) assignees of any or all of a Declarant’s rights, (B) hold title to any portion of the Community or any property within the Expansion Area, and (C) are designated as a Declarant in a written instrument executed by the assignor Declarant and recorded in the land records for Pamlico County, North Carolina.

(k) “Executive Board” shall mean the Executive Board of the Association, as provided for in the Articles of Incorporation and the Bylaws.

(l) “Expansion Area” shall mean all of that real property located within four (4) miles of any point on the perimeter of the real property described on Exhibit “A” hereto.

(m) “General Common Expenses” shall mean Common Expenses other than Limited Common Expenses.

(n) “Homesite” shall mean any lot or parcel of land that is located within the Community and has been designated as such or otherwise restricted for use as a site for a detached single family dwelling pursuant to any amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina.

(o) “Improved Homesite” shall mean a Homesite on which construction of a dwelling has been commenced (and once construction of a dwelling thereon has commenced, a Homesite shall thereafter be considered an Improved Homesite, regardless whether such dwelling is later destroyed or removed).

(p) “Limited Common Element” shall mean a portion of the Common Elements designated for the primary or exclusive use of one or more but fewer than all of the Owners pursuant to a plat of any portion of the Community or pursuant to any amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina.

(q) “Limited Common Expenses” shall mean Common Expenses assessed against fewer than all Owners, in such amounts or at such rates as Declarant shall provide in an amendment to this Master Declaration or a supplemental declaration recorded in the land records for Pamlico County, North Carolina, with respect thereto.

(r) “Master Declaration” shall mean this Master Declaration of Covenants, Conditions, Restrictions and Easements for Arlington Place, including all amendments hereto and supplemental declarations made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina.

(s) “Member” shall mean an Owner who is a Member of the Association as provided in the Articles of Incorporation and in Article II hereof.

(t) “Other Property” shall mean any real property, other than a Homesite, Townhome Lot, Residential Condominium Unit, Unimproved Tract or Common Elements, that is located within the Community and has been subjected to this Master Declaration pursuant to an amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina. Other Property may include, but

shall not be limited to: boat slips, dry storage units and/or other marina facilities, private club facilities; commercial tracts, buildings and/or units; and assisted living facilities.

(u) “Owner” shall mean the owner as shown in the land records of Pamlico County, North Carolina, whether it be one or more Persons, of fee simple title to any Homesite, Townhome Lot, Residential Condominium Unit, Unimproved Tract, or Other Property within the Community, but shall not include a Person having an interest in any such property solely as security for an obligation.

(v) “Period of Declarant Control” shall mean that period of time beginning on the date of this Master Declaration and continuing until December 31, 2030, or such earlier date that Declarant, in its sole discretion, terminates such Period of Declarant Control by giving written notice thereof to the Association.

(w) “Person” shall mean a natural person or a corporation, limited liability company, partnership, association, trust or other legal entity.

(x) “Residential Condominium” shall mean a tract or parcel of real property that is located within the Community and has been designated for residential use and subjected to: (i) this Master Declaration pursuant to any amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina; and (ii) the North Carolina Condominium Act set forth in Chapter 47C of the General Statutes, as it may be amended from time to time, or any successor or replacement statute governing condominiums, pursuant to an instrument recorded in the land records for Pamlico County, North Carolina.

(y) “Residential Condominium Unit” shall mean a physical portion of a Residential Condominium designated for separate ownership or occupancy.

(z) “Sub-Association” shall mean and refer to an association whose members are comprised of Owners of property in any condominium, planned community or planned unit development within but including less than all of the Community.

(aa) “Sub-Association Common Elements” shall mean any real property or real property interests owned or leased by a Sub-Association.

(bb) “Sub-Association Declaration” shall mean any instrument or document, and any amendment or supplement thereto, recorded in the land records for Pamlico County, North Carolina, that creates a condominium, planned community or planned unit development within but including less than all of the Community.

(cc) “Townhome Lot” shall mean any lot or parcel of land that is located within the Community and has been designated or restricted for use as a site for a duplex or other attached single family dwelling pursuant to any amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with

the provisions hereof and recorded in the land records for Pamlico County, North Carolina.

(dd) “Unimproved Homesite” shall mean a Homesite on which construction of a dwelling has never been commenced.

(ee) “Unimproved Tract” shall mean an unimproved tract or parcel of land that is located within the Community and has been subjected to this Master Declaration pursuant to an amendment hereto or a supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina; provided that any such tract or parcel shall no longer be an Unimproved Tract after it has been subdivided into Homesites, Townhome Lots, Residential Condominium Units or Other Property.

Section 2. Applicability of Master Declaration. The covenants, conditions, restrictions and easements set forth in this Master Declaration shall only apply to the Community, but not to any other property except to the extent that any such other property is subjected to the provisions hereof by an amendment hereto or a supplemental declaration made in accordance with the provisions of this Master Declaration and recorded in the land records for Pamlico County, North Carolina. Each and every grantee of any interest in any property in the Community, by acceptance of a deed or other conveyance of such interest, agrees to and shall be bound by the provisions of this Master Declaration.

Section 3. Planned Unit Development Master Plan. Declarant is developing the Community pursuant to a master plan on file with the Town of Minnesott Beach, North Carolina. The Master Plan is subject to continuous revision and change by Declarant, in its discretion.

Section 4. Planned Community Act Applicable. The North Carolina Planned Community Act set forth in Chapter 47F of the General Statutes, as it may be amended from time to time, shall apply to the Community and the Association. The Community is a “planned community” and the Association is the “owners’ association” for such planned community, as those terms are defined in said Planned Community Act.

Section 5. Other Laws and Permit Requirements. The Community and the use of property located therein are subject to all applicable laws, ordinances, rules, regulations and other governmental requirements, including without limitation all applicable permits and governmental approvals, as the same may be renewed or modified from time to time.

Article II

Membership and Governance of the Association

Section 1. Membership. Each Owner shall be a Member of the Association. Such membership shall be appurtenant to and may not be separated from ownership of the real property that is subject to assessment by the Association. The Executive Board may adopt reasonable rules relating to proof of ownership.

Section 2. Voting Rights of Members. The Members shall be entitled to vote on matters for which such a vote is expressly required by law, or by the Articles of Incorporation, this Master Declaration or the Bylaws. The Association shall have two (2) classes of Members with voting rights as follows:

Class A: The Owner of each Homesite, Townhome Lot, Residential Condominium Unit, Unimproved Tract or Other Property shall be a Class A Member. The Owner of each Homesite, Townhome Lot or Residential Condominium Unit shall be entitled to one (1) vote on any matter that is subject to a vote by the Owners of such type of property. The Owner of an Unimproved Tract shall be entitled to one (1) vote per acre for each whole acre in the Unimproved Tract (fractional acres shall not be counted for voting purposes unless the Unimproved Tract consists of less than one acre, in which case such Unimproved Tract shall be deemed to consist of one acre for voting purposes). Declarant reserves the right to expand the Class A membership to include Owners of Other Property, by an amendment hereto or a supplemental declaration referring to this Master Declaration recorded in the land records for Pamlico County, North Carolina, specifying the voting rights of such Owners and the assessments applicable thereto. Notwithstanding the foregoing provisions regarding Class A Members, Declarant shall be a Class B Member during the Period of Declarant Control.

Class B: During the Period of Declarant Control, Declarant shall be a Class B Member with respect to all real property owned by Declarant in the Community. The Class B Member shall be entitled to five (5) votes for each Homesite, each Townhome Lot, and each Residential Condominium Unit that it owns, and five (5) votes for each vote that it would have if it were a Class A Member with respect to each Unimproved Tract and any Other Property that it owns. The Class B membership shall cease and be converted to Class A membership at the end of the Period of Declarant Control.

Additional provisions consistent with applicable law regarding meetings of Members, proxies and voting by co-owners may be set forth in the Bylaws or adopted by the Executive Board.

Section 3. Executive Board. The affairs of the Association shall be managed by or at the direction of the Executive Board. Except as otherwise provided herein or by law, the Executive Board may act in all instances on behalf of the Association. The number of persons on the Executive Board initially shall be as determined by Declarant, and such number may be changed as provided in the Bylaws. During the Period of Declarant Control, Declarant shall

have the right to appoint all of the members of the Executive Board and such appointees of Declarant need not be Owners. Declarant shall have the right to remove any Executive Board member appointed by Declarant, without cause, and appoint another person to replace such removed member. The manner of appointment or election of the Executive Board after the Period of Declarant Control shall be as provided in the Bylaws.

Section 4. Bylaws. The Executive Board shall adopt the initial Bylaws and, notwithstanding any other provision hereof, during the Period of Declarant Control the Executive Board may amend the Bylaws without approval by the Members. After the Period of Declarant Control any amendment to the Bylaws must be approved by the Members by two-thirds of the votes cast or a majority of the votes entitled to be cast, whichever is less.

Article III

Functions of the Association

Section 1. General and Administrative Functions. The Association shall administer and enforce the provisions of this Master Declaration, the Bylaws, and all rules and regulations of the Association, and otherwise carry out and perform its duties and responsibilities as described herein or as required by law.

Section 2. Maintenance of Common Elements. The Association, subject to the rights of Owners as set forth herein, shall be responsible for the management of the Common Elements (including furnishings and equipment used in connection therewith), and shall maintain them in good order, condition and repair, pursuant to the terms and conditions hereof. These responsibilities shall include, but not be limited to, the operation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping, structures, stormwater facilities and other improvements located within the Common Elements.

Section 3. Maintenance Easement. The Association, its agents and representatives, shall have an easement upon, across, over, in and under all property located in the Community as may be necessary or appropriate to make repairs and to perform the functions of the Association pursuant to this Master Declaration or as required by law. The Association shall not unreasonably interfere with the rights of the Owners in the exercise of this easement.

Section 4. Rules and Regulations. The Association shall have authority to adopt and enforce rules and regulations. Such rules and regulations may include, without limitation, restrictions on the types and sizes of vehicles that may be used on the streets in the Community, speed limits, maximum noise levels of vehicles, other traffic and parking rules and regulations (the fact that any such rules or regulations shall be more restrictive than the laws of the State of North Carolina or any other public authority shall not make such restrictions unreasonable), and other rules and regulations regarding use of the Common Elements.

Section 5. Sanctions for Violations. The Association shall have authority, after notice and an opportunity to be heard, to impose reasonable fines and suspend privileges or services provided by the Association (except rights of access to an Owner's property in the

Community) for reasonable periods for violations of this Master Declaration, the Bylaws, or any rules and regulations of the Association. The procedures for imposition of fines or suspension of privileges or services shall be as determined by the Executive Board, subject to the Bylaws and applicable law.

Section 6. Services. The Association is authorized, but not required, to provide any or all of the following services: (a) traffic control, including but not limited to maintenance of restricted entries and/or gates, employment of police or security personnel, and maintenance of electronic or mechanical devices; (b) lighting of entrances, streets, sidewalks and paths; (c) stormwater drainage; (d) water, sewer and any necessary utilities not provided by a public authority or private utility; (e) cleanup and maintenance of public properties located within or in such reasonable proximity to the Community as to affect the appearance of the Community; (f) provision and/or operation of recreation or other facilities or programs serving the Owners; (g) communications informing Owners of activities or meetings; (h) provision of any of the services listed above to a Sub-Association by contract with such Association; and (i) such other services as may be necessary or desirable in the judgment of the Executive Board to carry out the Association's functions. The Association may contract for any such services. The Association is authorized, but not required, to own or lease equipment, furnishings and improvements as necessary to provide any such services.

Section 7. Borrowing by the Association. The Association, upon approval by the Executive Board, shall have the power and authority to borrow funds for use by the Association in performing its authorized functions; provided that the Common Elements shall not be mortgaged to secure any such loans without approval of the Owners as provided herein. Declarant may make loans to the Association on terms and conditions determined by Declarant in its sole discretion. Notwithstanding anything in this Master Declaration to the contrary, the Association shall not reduce the amount of the Annual Assessment at any time when any amounts are due to Declarant as repayment of any loans made by Declarant to the Association.

Section 8. Disclaimer of Association Liability. The Association shall not be obligated to carry out or provide any function or service except as required by this Master Declaration or by law. The functions and services carried out or provided by the Association at any particular time shall be determined by the Executive Board after taking into consideration the funds available to the Association and other relevant factors. The Association may, but is not obligated to, maintain or provide certain services sometimes described as security, but the Association is not an insurer or guarantor of safety or security in the Community. The Association shall not be liable to any Owner or other Person for any claim, damage, expense or liability suffered, incurred or threatened and in any manner arising out of or resulting from any failure to provide any service or take any measure, or for the ineffectiveness of any service provided or measure taken. Each Owner and every other Person entering or using any property in the Community, including Common Elements, assumes all risks of injury and damage resulting from natural causes and/or from any act or omission of any other Person.

Article IV

Common Elements

Section 1. Conveyance of Common Elements by Declarant. Declarant shall convey to the Association by fee simple deed, at no cost to the Association, all Common Elements (excluding Sub-Association Common Elements) designated as such on any plat of any portion of the Community recorded by or at the direction of Declarant in the land records for Pamlico County, North Carolina. Such property shall be conveyed to the Association at a time or times to be determined by Declarant, but not later than December 31, 2030. In addition, Declarant may convey or lease other property, or an interest therein, to the Association for use as Common Elements. The Association shall accept all such conveyances and immediately become responsible for the operation and maintenance of all such properties. Any real property leased to the Association shall cease to be Common Elements upon the expiration of the lease term.

Section 2. Owners' Easements in Common Elements. Subject to all of the other provisions of this Master Declaration, the Bylaws, any rules and regulations of the Association, and any fees or charges established by the Association, every Owner and every Authorized User shall have a right and easement of enjoyment in and to the Common Elements and such easement shall be appurtenant to and shall pass with the title to every Homesite, Townhome Lot, Residential Condominium Unit, Unimproved Tract and Other Property.

Section 3. Designation of Limited Common Elements. Declarant reserves the right to designate Limited Common Elements for the primary or exclusive use of Owners and Authorized Users of one or more but fewer than all properties in the Community. Such designation may be made on a plat of any portion of the Community recorded by or at the direction of Declarant, or such designation may be made or more specifically described pursuant to any amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina. A designation of Limited Common Elements may be made subject to such conditions, restrictions and reservations as Declarant may include in such amendment or supplemental declaration.

Section 4. Limitations on Owners' Rights in Common Elements. The Common Elements (including Limited Common Elements) shall be subject to the provisions of this Master Declaration, including the rights and reservations of Declarant described herein, and all easements, restrictions and rights of way of record at the time of conveyance. Further, the rights and easement of enjoyment of the Owners created hereby shall be subject to the rights of the Association to: (a) adopt and enforce reasonable rules and regulations regarding use of the Common Elements; (b) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements other than streets, and for services provided to Owners; (c) grant or transfer drainage and utility easements on any part of the Common Elements; (d) convey or encumber all or any part of the Common Elements, subject to approval by the Owners as hereinafter provided; and (e) exchange with the Declarant, or with any Owner, any portion of the Common Elements for an approximately equal area of other property to be added to the Common Elements, whereupon the property conveyed by the Association shall cease to be

Common Elements and shall no longer to be subject to the provisions of this Master Declaration relating to Common Elements.

Section 5. Easement for Provision of Certain Services. An easement is hereby established over, upon and across the Common Elements for municipal, public and private utilities serving the Community, and for governmental and law enforcement authorities with jurisdiction over the Community, for setting, removing and reading utility meters, maintaining and replacing utility or drainage connections, providing trash collection services, and acting with other purposes consistent with public safety, including without limitation police, fire protection and animal control.

Section 6. Conveyance or Encumbrance of Common Elements. Portions of the Common Elements may be conveyed or subjected to a security interest by the Association if Owners entitled to cast at least eighty percent (80%) of the votes of all the Owners agree in writing to that action; provided that all the Owners of property to which any Limited Common Element is allocated shall agree in order to convey that Limited Common Element or subject it to a security interest. Distribution of proceeds of the sale of a Limited Common Element shall be as provided by agreement between the Owners to which it is allocated and the Association. Proceeds of the sale or financing of a Common Element (other than a Limited Common Element) shall be an asset of the Association. Notwithstanding the foregoing, the Association shall not convey, mortgage, encumber or change the use of Common Elements prior to December 31, 2030 without the written consent of Declarant. Further, no conveyance or encumbrance of Common Elements may deprive any Owner of the right of access to such Owner's property located within the Community.

Article V

Insurance

Section 1. Property and Liability Insurance. The Association shall obtain and maintain property and liability insurance coverage as hereinafter provided.

(a) Commencing not later than the time of the first conveyance of a Homesite to a Person other than Declarant, the Association shall maintain, to the extent reasonably available:

(i) Property insurance on the Common Elements insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies.

(ii) Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

(b) If the insurance described in subsection (a) of this section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Owners.

(c) Insurance policies carried pursuant to subsection (a) of this section shall provide that:

(i) Each Owner is an insured person under the policy to the extent of the Owner's insurable interest;

(ii) The insurer waives its right to subrogation under the policy against any Owner or member of an Owner's household;

(iii) No act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(d) Any loss covered by the property policy under subsection (a) of this Section shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. Subject to the provisions of subsection (k) of this Section, the proceeds shall be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Association is dissolved.

(e) An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

(f) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and to each

Owner, mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

(g) Any portion of the Community for which insurance is required under subsection (a)(1) of this section which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) the Association has been dissolved, (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (iii) the Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of Owners assigned to any Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If any portion of the Common Elements is not repaired or replaced, (i) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Community, (ii) the insurance proceeds attributable to Limited Common Elements which are not rebuilt shall be distributed to the Owners to which those Limited Common Elements were allocated, or to lienholders, as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to their Common Expense liabilities.

Section 2. Other Insurance. The Association shall also obtain and maintain other insurance coverage as hereinafter provided.

(a) The Association shall maintain fidelity coverage against dishonest acts by the Association's officers, employees and others who are responsible for handling funds of the Association. If the Association contracts with another Person to receive and disburse the monies of the Association, then such Person shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in such amount as the Executive Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar term.

(b) To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect the Executive Board and officers of the Association from personal liability arising in connection with their duties and responsibilities in such capacities on behalf of the Association.

(c) The Association shall maintain workers compensation with respect to its employees, if any, as required by law.

The Association may obtain insurance against such other risks as the Executive Board shall deem appropriate.

Article VI

Assessments

Section 1. Covenant for Assessments. Declarant covenants, and each Owner, whether or not it shall be so expressed in the deed or other conveyance to such Owner, shall be deemed to covenant and agree to all the terms and provisions of this Master Declaration and to pay to the Association (i) Annual Assessments, (ii) Special Assessments, (iii) Segment Assessments, (iv) all costs of collection, including attorneys' fees, and (v) all other fees, charges, late charges, fines, interest and expenses imposed or authorized to be collected by the Association pursuant to this Master Declaration, the Bylaws, rules and regulations of the Association, or applicable law, all of which shall constitute Assessments. Without limiting the foregoing, if any Common Expense is caused by the negligence or misconduct of any Owner or any Authorized User of an Owner's property, the Association may assess that expense exclusively against that Owner or that Owner's property.

Section 2. Creation of Lien and Personal Obligation for Assessments. Each Assessment shall be a charge and continuing lien on the real property and improvements thereon against which such Assessment is made. The lien of the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances as may be made by the Association in order to preserve and protect its lien, and the Association shall be entitled to interest on any such advances at the rate provided for past due Assessments. All Persons who shall acquire, by whatever means, any interest in any property subject to any Assessment hereunder, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest expressly subject to such lien rights. Each Assessment shall also be the personal obligation of any Person who was an Owner of such real property at the time the Assessment first became due and payable. In the case of co-ownership, all co-owners shall be jointly and severally liable for the entire amount of each Assessment.

Section 3. Priority of Lien. The lien provided for herein is prior to all other liens and encumbrances, except (i) liens and encumbrances (specifically including, but not limited to, a mortgage on such property) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court (as hereinafter provided), and (ii) liens for real estate taxes and other governmental assessments and charges against such property. No sale or transfer shall relieve such property from liability or liens arising from Assessments thereafter becoming due.

Section 4. Commencement of Assessments; Declarant's Option to Fund Deficits. The Homesites included in the property described on Exhibit "A" hereto shall become subject to Assessments upon recordation of this Master Declaration. Thereafter, a Homesite, Townhome Lot, Residential Condominium Unit or Unimproved Tract shall become subject to Assessments on the first day of the month following the month in which a plat thereof has been recorded in the land records for Pamlico County, North Carolina, and such property has been annexed into the Community pursuant to an amendment hereto or supplemental declaration referring to this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County, North Carolina. The Owner of any assessable property that changes

from an Unimproved Homesite to an Improved Homesite, or from Unimproved Tract to another category, during any year shall be billed an additional prorated amount for the remainder of such year to reflect the category change. Notwithstanding any other provision of this Master Declaration, during the Period of Declarant Control, Declarant may satisfy its obligation for Assessments against its property in the Community for any year by funding any operating deficit of the Association occurring during such year; the operating deficit being determined by the following formula – the total amount of Assessments collected by the Association on all other property in the Community for such year, plus amounts expended by the Association from any working capital funds or reserves during such year, plus any unexpended working capital funds held by the Association at the end of the year, minus the total actual expenditures by the Association during such year. Declarant shall be deemed to have elected to fund any operating deficit in such manner until Declarant notifies the Association in writing that it intends to pay Assessments against its property that has been subjected to this Master Declaration in the same manner as other Owners of property in the Community, which notice shall be effective at the beginning of the next year after the year in which the notice is given. After once giving such notice, unless Declarant otherwise notifies the Association in writing before the beginning of a year, Declarant shall be deemed to have elected to continue paying Assessments or funding any deficit on the same basis as during the immediately preceding year. Declarant's option to make such election shall terminate at the beginning of the next year after the year in which the Period of Declarant Control ends.

Section 5. Prorated Assessments and Initial Capital Contributions. For the year in which a property first becomes subject to Assessments hereunder, the amount of the Assessments payable for such year shall be prorated as of the date that such property becomes subject to Assessments, and shall be due only for the remainder of that year. In addition to the prorated Assessments, at the time of closing of the initial sale of each Homesite, Townhome Lot or Residential Condominium Unit, the purchaser shall pay a working capital contribution in the amount of \$150.00 to the Association. Declarant shall have authority to change the amount of the required working capital contribution at any time with respect any property conveyed by Declarant after the date of the change. The Executive Board shall have discretion to allocate such working capital at any time for operating expenses of the Association, or to retain such funds for future contingencies or other purposes.

Section 6. Due Dates; Late Charges and Interest. The Association shall have authority to establish the due date(s) of the any Assessment. Any past due Assessment or installment thereof shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as established by the Association, not to exceed the maximum rate allowed by law. Further, the Association may impose reasonable charges for late payment of Assessments, or installments thereof. The Association shall, upon demand at any time, furnish to any Owner liable for Assessments a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. As to all but the Owner, such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 7. Annual Assessments. The Association shall levy Annual Assessments for the payment of Common Expenses, including for the operation, maintenance, repair and replacement of the Common Elements, and for the provision of services that the Association is

authorized to provide. The Association may allocate portions of the Annual Assessments to fund a reasonable operating expense surplus, and to establish reserves for contingencies, emergencies, and/or for construction, maintenance, repair and replacement of Common Elements. Common Expenses shall be assessed as follows:

(a) General Common Expenses shall be assessed against all Homesites, Townhome Lots, Residential Condominium Units, Unimproved Tracts and Other Property. Each Improved Homesite, Townhome Lot and Residential Condominium Unit, and each acre of each Unimproved Tract, shall be assessed the same amount for General Common Expenses (fractional acres shall not be counted for assessment purposes unless an Unimproved Tract consists of less than one acre, in which case such Unimproved Tract shall be deemed to consist of one acre for assessment purposes). Each Unimproved Homesite shall be assessed an amount equal to seventy five percent (75%) of the amount assessed against each Improved Homesite for General Common Expenses. Any Other Property shall be assessed for General Common Expenses in such amounts or at such rates as Declarant shall provide in an amendment hereto or supplemental declaration recorded in the land records for Pamlico County, North Carolina, with respect thereto.

(b) Limited Common Expenses, if any, shall be assessed only against the property within the Community for the benefit of which such Limited Common Expenses are incurred, and in such amounts or at such rates as Declarant shall provide in an amendment hereto or supplemental declaration recorded in the land records for Pamlico County, North Carolina, with respect thereto.

The first Annual Assessment shall be due and payable on July 1, 2007 in the amount of \$450.00 for each Unimproved Lot (\$75.00 per month for six months) and \$600.00 for each Improved Lot \$100.00 per month for six months). For 2008 and each year thereafter the Executive Board shall fix the amount of the Annual Assessment against each type of property as hereinabove provided, whereupon a list or schedule of the properties and Annual Assessments applicable thereto shall be prepared and made available for inspection by any Owner. Notice of the Annual Assessment shall thereupon be sent to every Owner subject thereto.

Section 8. Special Assessments. In addition to Annual Assessments as authorized in this Article, the Association may levy Special Assessments: (a) to construct, repair or replace capital improvements upon, or to make additions to, the Common Elements (excluding Limited Common Elements); (b) to provide for the necessary facilities and equipment to offer the services authorized herein; (c) to repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and (d) for any other purpose deemed necessary or desirable by the Executive Board. The Executive Board may, without approval by the Owners, authorize the Association to levy Special Assessments payable in any year in a total amount not exceeding twenty percent (20%) of the amount of the Annual Assessment for such year. Any Special Assessment exceeding such limit, before being charged, must be approved by the Owners by two-thirds of the votes cast or a majority of the votes entitled to be cast, whichever is less. The amount of each Special Assessment charged to Owners of different types of assessable property shall be in the same proportion as the Annual Assessment.

Section 9. Segment Assessments. In addition to Annual Assessments and Special Assessments as authorized in this Article, the Association may levy Segment Assessments to be used for the benefit of a particular portion or segment of the Community (such as improvements or additions to Limited Common Elements or services provided only for certain Owners), the payment of which shall be borne by the Owners within such segment, subject to the following provisions:

(a) Declarant shall have the right to establish a continuing Segment Assessment for Limited Common Expenses applicable to designated property in the Community by including provisions for such Segment Assessment in the amendment hereto or supplemental declaration annexing such property. Unless otherwise provided in such amendment or supplemental declaration, the Executive Board may increase the Segment Assessment as necessary to pay such Limited Common Expenses.

(b) Except for Segment Assessments established by Declarant as aforesaid, a Segment Assessment must be approved by the Owners of the property that would be subject thereto by two-thirds of the votes cast or a majority of the votes entitled to be cast, whichever is less. A continuing Segment Assessment established by a vote of Owners may be discontinued by a majority of the votes cast by Owners of property subject thereto, provided that the Segment Assessment shall fund any expenses resulting from its discontinuance.

Section 10. Remedies of Association for Nonpayment of Assessments. In addition to any other available remedies, the Association shall have the following remedies for nonpayment of any Assessment:

(a) The lien of the Association for nonpayment of any Assessment shall be enforceable from and after the time that a claim of lien is filed of record in the office of the Clerk of Superior Court of Pamlico County, North Carolina, which claim shall state the name and address of the Association, the name of the record owner of the property at the time the claim of lien is filed, a description of the property and the amount of the lien claimed. The claim of lien may be filed when any Assessment or installment thereof remains unpaid for a period of thirty (30) days or longer, and the lien shall continue in effect until all sums secured thereby have been paid in full. Except as otherwise provided by law, the Association may foreclose the lien in like manner as a mortgage or deed of trust on real estate, including but not limited to power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. Upon full payment of all sums secured by such lien the same shall be satisfied or released of record.

(b) The Association may bring an action at law against any Owner obligated to pay any past due Assessment. Institution of such an action shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure action or power of sale, nor shall proceeding by foreclosure or power of sale for such purpose be deemed an election precluding the institution of a suit at law to collect any sum owing to Association.

(c) The Association shall have authority, after notice and an opportunity to be heard, to suspend privileges or services provided by the Association (except rights of access to an Owner's property in the Community) during any period that any Assessment remains unpaid for a period of thirty (30) days or longer. The procedures for suspension of privileges or services shall be as set forth in the Bylaws or as required by law.

Section 11. Exempt Property. The following interests in real property subject to this Master Declaration shall not be subject to any Assessment or lien provided for herein, solely by virtue of the such interest: (a) Common Elements; (b) drainage or utility easements; and (c) any portion of the Community dedicated to and accepted by a public authority. No land or improvements in the Community devoted to use for residential or commercial use shall be exempt. No Owner of any property subject to Assessments may become exempt from liability for any Assessment by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of such property, or in any other way.

Article VII

Architectural Controls and Review

Section 1. Purpose and Applicability. In order to establish and preserve harmonious and aesthetically pleasing design and maintenance standards throughout the Community, and to protect and promote the value of property in the Community, all such property and all improvements thereon, including landscaping, shall be subject to the architectural controls, review requirements, use restrictions and maintenance requirement set forth herein.

Section 2. Architectural Review Committee. An Architectural Review Committee (the "ARC") is hereby established. The Executive Board shall have authority to appoint and, without cause, remove members of the ARC, and the Executive Board may designate a chairperson of the ARC. The members of the ARC need not be Owners or Members. The ARC is authorized to retain the services of consulting architects, engineers, inspectors, landscape architects, attorneys and any other professionals, as it deems appropriate to advise and assist the ARC in performing its functions.

Section 3. Operation of Architectural Review Committee. Prior to any meeting reasonable notice shall be given to each member of the ARC indicating the time and place of the meeting. Any ARC member may waive notice by affirmative action or by attendance at a meeting. A quorum shall consist of a majority of the members serving on the ARC at the time of a meeting. The affirmative vote of a majority of the ARC members present at a duly called meeting at which a quorum is present shall be the act of the ARC. Action may also be taken by written consent of all of the members serving on the ARC.

Section 4. Community Design Standards and Guidelines. The ARC shall establish and publish standards and guidelines, consistent with this Master Declaration and any supplemental restrictions recorded in accordance with the provisions hereof, to more specifically define and describe design standards, guidelines and review procedures. The design standards

and guidelines may be modified or amended from time to time by the ARC. Each Owner shall have a right to receive a copy of the current guidelines upon request, subject to a reasonable charge for copying or printing.

Section 5. Plan Approval Required. No site preparation, excavation, or changes in grade, nor any construction, erection, alteration or installation of any improvements or landscaping shall be undertaken or allowed to remain upon any property in the Community unless plans and specification showing the nature, kind, shape, height, materials, color scheme and location of the proposed improvements and/or landscaping shall have been submitted to and expressly approved in writing by the ARC. By way of illustration and not of limitation, improvements requiring approval shall include any dwelling, outbuilding, paving, fence, wall, sign, antenna or satellite dish, mailbox, fuel storage tank, exterior lighting, exterior painting, ornamental or functional exterior features (including flags, planters, statues, lawn ornaments, bird feeders and bird baths, any of which may be prohibited by the ARC), and any receptacle or enclosure for garbage, trash or lawn debris. Any subsequent alteration, modification or additional improvement or landscaping shall also require approval from the ARC. Prior to occupancy of a structure in the Community, a final inspection approval must be obtained from the ARC. The ARC and its agents shall have the right to inspect all construction for compliance with approved plans and specifications, and ARC requirements.

Section 6. Architectural Review Process. Prior to commencement of any work, the Owner shall submit or cause to be submitted to the ARC a complete application including at least two (2) complete sets of final plans and specifications for all proposed improvements and landscaping. The application shall not be complete if the plans, specifications or other information required to be submitted contain erroneous information or fail to present full and adequate details upon which the ARC can make a decision. The ARC shall approve or disapprove the plans and specifications within ninety (90) days after receipt of a complete application. The ARC shall retain one set of plans and specifications for its permanent files and return the other set to the Person submitting them, with the approval or disapproval endorsed thereon. The ARC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of this Master Declaration, the recorded plat of the subject property, any supplemental restrictions recorded in accordance with the provisions hereof, or any standards or guidelines established by the ARC, or if the design features or color schemes of the proposed improvements or landscaping are not in harmony with the general surroundings of the subject property or with the standards of the Community. If the ARC fails to approve or disapprove plans and specifications within ninety (90) days after a complete application has been submitted and received, approval shall not be required and the requirements of this Article will be deemed to have been fully satisfied with respect to the plans and specifications submitted; provided, however, that all improvements and landscaping are still subject to the other provisions of this Master Declaration, the recorded plat of the subject property, any supplemental restrictions recorded in accordance with the provisions hereof, and all standards and guidelines established by the ARC, including without limitation building setbacks, minimum dwelling size requirements and maximum built upon area (impervious coverage) restrictions.

Section 7. Review Fees, Construction Bonds and Fines. The ARC shall have authority to charge a review fee and require a construction bond or deposit, in amounts established by the ARC from time to time, with each application submitted for review. The ARC shall also have authority to impose fines for unapproved work or changes, or other violations of this Master Declaration, the recorded plat of the subject property, any supplemental restrictions recorded in accordance with the provisions hereof, any standards or guidelines established by the ARC, or any other requirement adopted or imposed by the ARC pursuant to its authority hereunder. Any fine charged to an Owner shall be an Assessment attributable to such Owner's property with respect to which the fine is charged.

Section 8. Disclaimer of ARC Liability. The approvals required herein are separate from and in addition to all permits and approvals required by public authorities. In no event shall any approval by the ARC or the Association be construed as providing any assurance regarding quality, fitness or suitability of design, materials or construction, or compliance thereof with any applicable permits, building codes or other laws. In no event shall the ARC or the Association be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions hereof, or for any structural or other defects in any work done according to such plans and specifications. Neither the Association, the ARC nor any member thereof shall be liable to any person for any official act of the ARC, except to the extent the ARC or member thereof acted with malice or wrongful intent. The Association shall indemnify the ARC and the members thereof in any action or proceeding against the ARC or any member thereof acting in such capacity, except to the extent that the ARC or the member shall be adjudged to have acted with malice or wrongful intent; provided that a court in which such action or proceeding is brought may determine that in view of all the circumstances such person is fairly and reasonably entitled to indemnification.

Article VIII

Use Restrictions on Homesites

Section 1. General. In addition to the other provisions of this Master Declaration, all Homesites shall be subject to the specific use restrictions and easements set forth in this Article. Each Homesite shall also be subject to any additional or further restrictions and easements applicable to the recorded plat on which such Homesite is shown, as set forth on such plat or contained in any amendment hereto or supplemental declaration referring to such plat and this Master Declaration, made in accordance with the provisions hereof and recorded in the land records for Pamlico County.

Section 2. Land Use and Building Type. A Homesite shall be used for residential purposes only, and no buildings shall be erected or allowed to remain on any Homesite except one detached single-family dwelling and not more than one outbuilding (a detached garage is considered to be an outbuilding for purposes of this restriction). No dwelling shall be erected or allowed to remain on any Homesite unless the construction of such dwelling is substantially performed on the Homesite. No modular home, mobile home, manufactured home or geodesic dome shall be erected or allowed to remain on any Homesite. No street shall be constructed or opened across or through any Homesite. No Homesite or any structure located thereon shall be

used for the manufacture or sale of any article, or for conducting any business, trade or profession that involves the coming and going of customers or suppliers to and from the Homesite; provided, however, that as hereinafter provided any Homesite may be used for a sales office, model home and/or open house by Declarant or with written approval of Declarant.

Section 3. Resubdivision and Combination. No Homesite or Homesites shall be resubdivided, combined or any boundary lines changed without written approval of Declarant. In the event that any such change is approved, the resulting Homesite or Homesites shall be shown on a recorded plat and the covenants, conditions, restrictions and easements set forth herein shall apply to each resulting Homesite.

Section 4. Building Location and Setbacks. The ARC shall have the authority to determine the specific location of any dwelling or other structure on any Homesite; provided that no dwelling, detached garage or other outbuilding shall be erected or allowed to remain on any Homesite nearer to any property line than the minimum setbacks shown or described on the recorded plat showing such Homesite, unless such a setback is waived or modified in writing by the ARC and allowed by applicable zoning requirements.

Section 5. Minimum Dwelling Size and Maximum Built Upon Area. Construction on any Homesite shall be subject to minimum dwelling size and maximum built upon area (impervious coverage) restrictions as set forth in a supplemental declaration specific to the phase of Arlington Place to which the homesite belongs, made in accordance with the provisions hereof and recorded in the land records for Pamlico County.

Section 6. Completion of Construction and Landscaping. Once construction of a dwelling has commenced, it must be completed and ready for occupancy within twelve (12) months. No dwelling shall be occupied until it has been substantially completed in accordance with the approved plans as evidenced by a final inspection approval issued by the ARC. All landscaping must be finished upon completion of the dwelling, weather permitting, and in any event within sixty (60) days after the dwelling is occupied. Any subsequent alteration, modification or additional improvement or landscaping must be completed within a reasonable time as determined by the ARC. Upon written request of the Owner and for good cause shown, the ARC may extend the time for completion of construction or landscaping.

Section 7. Fences, Walls and Playground Equipment. No chain link fences shall be approved. No dog pen or kennel shall be erected or allowed to remain on any Homesite. All playground equipment on any Homesite must be approved by the ARC and must be located behind the rear line of the dwelling.

Section 8. Signs. No "For Sale" or "For Rent" sign or other sign, poster or billboard of any kind shall be displayed, installed or allowed to remain on any Homesite, except (i) a name and address sign, and (ii) a temporary sign reflecting construction of a dwelling on such Homesite by a licensed contractor; and the design and color scheme of any such permitted sign must be approved by the ARC. Without limiting the foregoing, signs may not be displayed on or in any window of any dwelling or other structure located on a Homesite, or any vehicle parked on a Homesite or on any Common Element adjacent to a Homesite. Notwithstanding the

foregoing, Declarant shall have the right to display and install signs indicating the location of sales offices, model homes and open houses operated or approved by Declarant, and other signs that Declarant determines to be necessary or desirable for the exercise or its reserved rights under this Master Declaration.

Section 9. Open Houses, Model Homes and Sales Offices. During the Period of Declarant Control, no open house, model home or office for the sale, lease or rental of any property shall be located or operated on any Homesite without prior approval by Declarant, and Declarant shall have the exclusive right to operate or approve the location and operation of open houses, model homes and sales offices.

Section 10. No Temporary Structures or Clotheslines. No structure of a temporary character shall be erected, placed or allowed to remain on any Homesite, nor shall any building materials be stored on any Homesite. No tent, camper, garage or other outbuilding shall be used as a temporary or permanent residence. No outdoor clothes poles, clotheslines or similar structures shall be placed or allowed to remain on any Homesite.

Section 11. Boats, Trailers and Certain Vehicles. No boat, watercraft, trailer, bus, camper, motor home, recreational vehicle, commercial vehicle, or inoperative or unlicensed vehicle shall be parked for longer than twenty four (24) hours on any Homesite, except in a garage with the garage door fully closed (a standard size pickup truck or sport utility vehicle maintained for personal use shall not be considered a commercial vehicle for purposes of this restriction). Violators may have their boat, watercraft, trailer or vehicle towed by the Association at the owner's expense. No boat, watercraft, trailer, or vehicle of any type shall be stored, either permanently or temporarily, on any Homesite prior to completion and occupancy of the dwelling on such Homesite.

Section 12. Animals, Nuisances. Dogs, cats and other household pets shall be permitted, provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with all applicable laws and ordinances and any rules or regulations adopted by the Association relating thereto. Otherwise, no animals, livestock or fowl of any kind shall be kept or allowed to remain on any Homesite for any purpose. No noxious, offensive or illegal activities shall be conducted upon any Homesite nor shall anything be done on any Homesite that is a nuisance or an annoyance to the community.

Section 13. Wells and Irrigation Systems. No well shall be drilled, installed or allowed to remain on any Homesite for drinking water or other household or potable water supply purposes. A well may be installed on a Homesite for irrigation and other outdoor use only, provided that the location and screening of any above ground equipment or improvements must be approved by the ARC. Further, irrigation systems shall be designed or irrigation water shall be filtered as necessary to avoid staining or discoloring of sidewalks, curbs and paving.

Section 14. Ponds. The use of ponds located in the Community is subject to rules and regulations of the Association, which may include prohibition of use. To the extent that all or any portion of a pond is located within or abutting a Homesite, the Owner of such Homesite shall

be responsible for maintaining the edge and bank of the pond and for controlling erosion due to stormwater or other runoff from within such Homesite.

Section 15. Wetlands. Wetlands may be present on portions of certain Homesites. Draining, filling, grading, excavating and other land disturbing activities in wetlands are regulated and may be prohibited by federal and state law. No such activities shall be undertaken on any Homesite without prior written consent from Declarant, and until the U.S. Army Corps of Engineers, and the State of North Carolina, Department of Environment and Natural Resources, Division of Water Quality, have been notified and all required approvals have been obtained.

Article IX

Maintenance of Property

Section 1. General Maintenance Requirements. Each Owner of property in the Community, to the extent not provided by a Sub-Association of which the Owner is a member, shall be responsible for repairs, maintenance and upkeep of such Owner's property, whether improved or unimproved, including but not limited to all buildings, patios, decks, driveways, fences and landscaping. Repairs, maintenance and upkeep shall be performed in a timely, reasonable and prudent manner, in order to maintain a harmonious and aesthetically pleasing appearance and to protect and promote the value of property in the Community. The standard for maintenance shall be a community standard as determined by the Association. Should an Owner or Sub-Association fail to perform its repair, maintenance or upkeep responsibilities, the Association shall provide such Owner or Sub-Association written notice of the deficiency. If such failure has not been remedied within a reasonable time (as determined by the Executive Board), the Association shall have the right to cause repairs, maintenance and upkeep to be performed and to charge the cost thereof as an Assessment attributable to such property.

Section 2. Mowing. The Association may establish a program for periodic mowing of unimproved or vacant property in the Community, and the Executive Board may determine whether the expenses for such mowing shall be General Common Expenses or separately charged to the Owners of properties actually mowed. If mowing expenses are separately charged then any such charge for a particular property shall be an Assessment attributable to such property.

Section 3. Repair After Casualty. Any property or improvement damaged in whole or in part by fire, windstorm or any other cause must be promptly restored or all debris removed and the property restored to a sightly condition. Such restoration or removal of debris shall be completed within three (3) months from the date of the casualty unless the Association grants a written extension. If an Owner or Sub-Association fails to comply with this requirement, the Association shall have the right to cause such restoration or removal to be performed and to charge the cost thereof as an Assessment attributable to such property.

Section 4. Removal of Nonconforming Improvements. The Association, after reasonable notice to the Owner, may remove any improvements or landscaping constructed, altered, maintained, or otherwise existing in violation of the provisions of this Master

Declaration, the recorded plat of the subject property, any supplemental restrictions recorded in accordance with the provisions hereof, any standards or guidelines established by the ARC, or any other requirement adopted or imposed by the ARC pursuant to its authority hereunder, and the Owner thereof shall forthwith reimburse the Association for all expenses incurred in connection therewith, which expenses shall constitute an Assessment attributable to such property.

Article X

Rights and Reservations of Declarant

Section 1. Reservation of Rights. Declarant shall have and hereby retains and reserves certain rights, reservations and easements as set forth in this Master Declaration, including but not limited to those set forth in this Article. Declarant's rights, reservations and easements as set forth in this Master Declaration shall be deemed excepted and reserved in each deed or other instrument by which any property within the Community is conveyed by Declarant to any Person, whether or not specifically stated therein. Declarant's rights, reservations and easements as set forth in this Master Declaration shall be prior and superior to any other provisions of this Master Declaration, may be assigned in whole or in part by Declarant, and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment to this Master Declaration.

Section 2. Declarant's Rights to Use Common Elements. Declarant shall have and hereby retains and reserves the right to use the Common Elements (including Limited Common Elements) and any services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties in the Community and the Expansion Area. Without limiting the generality of the foregoing, Declarant may: (a) use the Common Elements for ingress, egress and regress for vehicles and equipment for development, construction and promotional purposes; (b) install or cause to be installed irrigation, drainage facilities, utilities, streets, paths, walkways, recreation facilities and/or parking areas within the Common Elements; (c) construct, install and maintain signs, temporary buildings and other structures on the Common Elements; (d) use a portion of any clubhouse or other structure constituting Common Elements for office space for administrative, development, construction, sales and/or leasing purposes; (e) allow prospective purchasers of properties who are not Owners to enter and use the Common Elements at reasonable times and in reasonable numbers; and (f) refer to the Common Elements, the Association and services offered by the Association in connection with the development, construction, promotion, marketing, sale and leasing of properties within such boundaries.

Section 3. Declarant's Rights to Complete Development. Declarant shall have and hereby retains and reserves the right, without approval of the Association or the ARC, to: (a) complete the development, construction, promotion, marketing, sale and leasing of property in the Community and the Expansion Area; (b) excavate, fill and/or grade property in the Community and the Expansion Area; (b) construct, alter, remodel, demolish and/or replace any improvements on any property owned by Declarant; (c) construct, maintain and operate open houses, model homes and/or offices for administrative, development, construction, sales, leasing

and/or rental purposes on any property owned, leased or rented by Declarant or by the Association; and (d) construct, install and maintain signs incidental to any of the foregoing in the Community and the Expansion Area.

Section 4. Easement for Recreational and Commercial Facilities. Declarant shall have and hereby retains and reserves a perpetual, nonexclusive right of way and easement for ingress, egress and regress, and for utilities and drainage facilities, over and across all streets and drainage easements shown on any map, plat or survey of any portion of the Community recorded in the land records of Pamlico County, whether such streets and drainage easements are designated as Common Elements, Limited Common Elements or otherwise, for construction, operation, maintenance, repair, rebuilding and use of recreational and commercial buildings and facilities that are not Common Elements, including but not limited to clubhouses, golf facilities, swimming pools, tennis courts, fitness facilities, spas, restaurants, lodging establishments, retail establishments and offices, whether located within or outside the Community. Nothing herein shall be construed as a requirement or representation that Declarant or any other Person will construct any recreational or commercial buildings or facilities.

Section 5. Easement for Use of Outside Property. Declarant shall have and hereby retains and reserves a perpetual, nonexclusive right of way and easement for ingress, egress and regress, and for utilities and drainage facilities, over and across all streets and drainage easements shown on any map, plat or survey of any portion of the Community recorded in the land records of Pamlico County, whether such streets and drainage easements are designated as Common Elements, Limited Common Elements or otherwise, for development and use of property within the Expansion Area, or any portion thereof, other than as part of the Community.

Article XI

Annexation and Amendments

Section 1. Annexation by Declarant. Declarant reserves the right, but shall not be obligated, to expand the Community from time to time by annexation to include additional property within the Expansion Area. Such expansion may be accomplished by recording amendments hereto or a supplemental declarations referring to this Master Declaration in the land records for Pamlico County, North Carolina, on or before December 31, 2030, describing the real property to be annexed in each instance and subjecting it to the provisions of this Master Declaration. Such amendments or supplemental declarations shall not require the consent of any Owners or the Association. Any such annexation shall be effective upon the filing for record of such amendment or supplemental declaration. Upon the recordation of any such amendment or supplemental declaration, the definitions used in this Master Declaration shall be expanded automatically to encompass and refer to the Community as expanded. Any such amendment or supplemental declaration may add, delete, or modify provisions of this Master Declaration as it applies to the property being annexed.

Section 2. Annexation by Owners. The Owners shall have the right to annex any property into the Community at any time, with the consent of the owner(s) of such property, by the affirmative vote or written agreement of Owners of property to which at least sixty seven

percent (67%) of the votes of all the Owners are allocated; provided that any such annexation prior to December 31, 2030 shall require the written consent of Declarant. Such annexation may be accomplished by recording an amendment hereto in the land records for Pamlico County, North Carolina, describing the real property to be annexed and subjecting it to the provisions of this Master Declaration.

Section 3. Amendments by Declarant. Declarant may unilaterally amend this Master Declaration, so long as the amendment has no material adverse effect on the substantive rights of any other Owner. No amendment required by any governmental authority, or to correct typographical or drafting errors or inconsistencies shall be deemed material. Declarant, during the Period of Declarant Control, and thereafter the Executive Board may amend this Master Declaration, without the consent of any Owner, in order to qualify the Association for tax-exempt status under any applicable laws or regulations.

Section 4. Amendment by Owners. Except as otherwise provided in this Article, this Master Declaration may be amended only by the affirmative vote or written agreement of Owners of property to which at least sixty seven percent (67%) of the votes of all the Owners are allocated; provided that any such amendment must be recorded in the land records for Pamlico County, North Carolina, in order to be effective and any amendment prior to December 31, 2030 shall require the written consent of Declarant. If an Owner consents to any amendment to this Master Declaration, it will be conclusively presumed that such Owner has the authority to give such consent and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment may remove, revoke or modify any right or privilege of Declarant or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any mortgage or impair the rights granted to Institutional Lenders herein, without the prior written consent of such Institutional Lender(s).

Section 5. Execution and Recordation of Annexations and Amendments. Declarant may record any annexation, amendment or supplemental declaration made by Declarant in accordance with the provisions of this Article. Any other annexation or amendment to this Master Declaration shall, following approval by the Owners (to the extent that such approval is required), be delivered to the Executive Board and the Executive Board shall, within thirty (30) days after receipt thereof: (a) reasonably assure itself that the amendment has been duly approved by the Owners (to the extent required) as provided herein; (b) attach to the amendment a certification as to its validity, which certification shall be executed and acknowledged by an officer of the Association; and (c) cause the amendment to be recorded in the land records for Pamlico County, North Carolina.

Section 6. Effect and Validity of Amendments. In order to be effective, any amendment to this Master Declaration must be recorded in the land records for Pamlico County, North Carolina. An amendment shall be effective from the date of recordation, unless otherwise specified therein. When any instrument purporting to amend this Master Declaration has been executed by Declarant or certified by the Executive Board, as applicable, and recorded as provided in this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment.

Article XII

General Provisions

Section 1. Declarant Disclaimer of Liability. Declarant shall not be liable to any Owner or other Person for any claim, damage, expense or liability suffered, incurred or threatened and in any manner arising out of resulting from any reviews, inspections, consents or approvals required by or contemplated under this Master Declaration, whether such reviews, inspections, consents or approvals are given, granted, denied or withheld. Declarant shall not be liable to any Owner or other Person for any claim, damage, expense or liability suffered, incurred or threatened and in any manner arising out of resulting from any service provided or measure taken by Declarant, the Association or the ARC, or for the failure to provide any service or take any measure, or for the ineffectiveness of any service provided or measure taken. Each Owner and every other Person entering or using any property in the Community, including Common Elements, assumes all risks of injury and damage resulting from natural causes and/or from any act or omission of any other Person.

Section 2. Transfers of Declarant's Rights. Declarant shall have the right to assign and transfer, in whole or in part, any or all of its rights, reservations, easements and/or obligations hereunder to one or more other Person(s), at any time or from time to time, pursuant to a written instrument executed by Declarant and recorded in the land records for Pamlico County, North Carolina.

Section 3. Application of Restrictions. The covenants, conditions and restrictions set forth in this Master Declaration shall apply only to the Community and not to any other property now or hereafter owned by Declarant, unless such other property is subjected to the provisions of this Master Declaration pursuant to an amendment hereto or supplemental declaration executed by Declarant and recorded in the land records for Pamlico County, North Carolina.

Section 4. Waiver of and Consent to Violations. Where approval authority is specifically granted to the ARC herein, the ARC may waive a violation of a covenant, condition or restriction by appropriate instrument in writing. Declarant may waive any violation of the covenants, conditions and restrictions set forth herein, or release any of the easements reserved herein, by appropriate instrument in writing.

Section 5. Enforcement. Except to the extent that a waiver has been duly granted as provided herein, Declarant, the Association and any Owner shall have the right to enforce all of the provisions of this Master Declaration and the Articles of Incorporation, Bylaws, rules and regulations of the Association, against any Person or Persons violating or attempting to violate the same, to restrain the violation and/or to recover damages. Failure to take enforcement action shall in no event be deemed a waiver of the right to do so thereafter. Except as otherwise provided by law, in an action by Declarant or the Association to enforce any such provisions, a court may award reasonable attorneys' fees to the prevailing party.

Section 6. Notices. Any notice required to be sent to an Owner under the provisions of this Master Declaration shall be deemed to have been given when either: (a) hand-delivered to the Owner; (b) sent prepaid by United States mail to the mailing address of the Owner appearing on the Association's membership list, or to any other mailing address designated in writing by the Owner; or (c) when sent by electronic means, including by email over the Internet, to an electronic mailing address designated in writing by the Owner. Notice to one of two or more co-owners shall constitute notice to all co-owners. It shall be the obligation of every Owner to immediately notify the Secretary of the Association in writing of any change of address.

Section 7. Rights of Lenders and Insurers of First Mortgages. "Institutional Lender," as the term is used herein, shall mean and refer to banks, mortgage companies, other firms or entities customarily affording loans secured by first liens on real property, and eligible insurers and governmental guarantors. So long as an Institutional Lender shall hold a first lien upon any property within the Community, or shall be an Owner, such Institutional Lender shall have the right to inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association and, upon written request specifying an address for notice, the right to be given written notice by the Association of: (a) any meeting of the Owners to be held for the purpose of considering any proposed amendment to the Articles of Incorporation, this Master Declaration or the Bylaws; (b) any condemnation loss or casualty loss which affects a material portion of the Common Elements; (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (d) any proposed conveyance, hypothecation or other encumbrance of the Common Elements, other than pursuant to specific rights vested in the Association under Article IV hereof; or (e) any delinquency in the payment of any Assessment by any Owner of property encumbered by a mortgage held by the Institutional Lender. The Association shall keep a separate register of all Institutional Lenders that have made written request pursuant to this Section.

Section 8. Termination. The covenants, conditions and restrictions set forth herein, as the same may be amended in accordance with the provisions hereof, shall run with the land that is subject hereto, including land annexed into the Community pursuant to the provisions hereof, and shall be binding on all Owners of such land and all Persons claiming under them. This Master Declaration may be terminated only by the affirmative vote or written agreement of Owners of property in the Community to which at least eighty percent (80%) of the votes of all the Owners are allocated; provided that in order to be effective any such termination must be evidenced by a written instrument recorded in the land records for Pamlico County, North Carolina, and any such termination prior to December 31, 2030 shall require the written consent of Declarant. The easements reserved herein shall run with the land subject thereto, including land annexed into the Community pursuant to the provisions hereof, and shall be binding on all owners of such land and all Persons claiming under them, except to the extent that the Person or Persons having rights to an easement have released such rights pursuant to an instrument recorded in the land records for Pamlico County, North Carolina.

Section 9. Severability. Should any covenant, condition, restriction or easement herein contained be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the

subject matter hereof, such judgment shall in no way affect the other provisions hereof, which are hereby declared to be severable and which shall remain in full force and effect.

Section 10. Conflicting Provisions. In the event of a conflict between any provision of this Master Declaration and the Articles of Incorporation, the Articles of Incorporation shall control. In the event of a conflict between any provision of this Master Declaration and the Bylaws, this Master Declaration shall control.

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

Burton Farm Development Company, LLC

By: Boddie-Noell Enterprises, Inc., Manager

By: _____
Charles J. Hayes, Jr., Vice President

_____ COUNTY – NORTH CAROLINA

I certify that the following person personally appeared before me this day, acknowledging to me that he voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Charles J. Hayes, Jr.

Date: _____, 20____

(Official Seal)

Official Signature of Notary

_____, Notary Public
Printed or typed name

My commission expires: _____

Branch Banking and Trust Company, as beneficiary under a Deed of Trust encumbering the property described in this Master Declaration, said Deed of Trust being recorded in Book 454 at Page 922, Pamlico County Registry, joins in the execution hereof for the purpose of consenting to the recordation of this Master Declaration, and to subordinate and subject said Deed of Trust to this Master Declaration.

Branch Banking and Trust Company

By: _____
_____ Vice President

_____ COUNTY – NORTH CAROLINA

I, _____, a Notary Public, certify that _____ personally came before me this day and acknowledged that he or she is _____ Vice President of BRANCH BANKING AND TRUST COMPANY, a corporation, and that he/she as _____ Vice President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this the _____ day of _____, 20_____.

(Official Seal)

Signature of Notary

_____, Notary Public
Printed or typed name

My commission expires: _____

**Exhibit “A”
to
Master Declaration of Covenants, Conditions, Restrictions and Easements
for Arlington Place**

Property Currently in the Community

Being all of the numbered lots and Common Elements, including private streets, shown on that plat of **Arlington Place Phase 1** recorded in Plat Cabinet **A** at Slides **153, images 17–20 and 154, images 1-8**, Pamlico County Registry.