

THE VILLAGES
AT
OCEAN HILL

MASTER DECLARATIONS OF COVENANTS
AND
RESTRICTIONS

RECORDED 09 NOVEMBER 1989

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THE VILLAGES
AT OCEAN HILL PUD
COROLLA, NORTH CAROLINA

MASTER DECLARATION OF COVENANTS AND RESTRICTIONS

THIS MASTER DECLARATION, made on this 1ST day of November, 1989, by Ocean Hill Properties Inc.

WITNESSETH:

WHEREAS, Developer is the owner of real property located in Poplar Branch Township, Currituck County, and described in Exhibit A of this Master Declaration, and Developer desires to create thereon a planned community characterized by Common Areas and a living architectural style which springs from the philosophy that individuals can live in and with nature with a minimum of intrusive effects, and where residents and visitors will be insured the full enjoyment of the natural advantages of the area through careful planning which will foster controlled, individual expression within the environment; and

WHEREAS, Developer desires to serve both public and private interests by encouraging a beneficial land use which will retain the unique beauty of the land and create an atmosphere enriching the spirit of its participants by providing for the preservation of the environment for the present and future enjoyment of all; by providing for enhancement of the property values, amenities and opportunities in said community; and by providing for the maintenance of The Properties and improvements thereon, and to this end desires to subject the real property described in Exhibit A together with such additions as may hereafter be made thereto to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Developer incorporated and created under the laws of the State of North Carolina, The Villages at Ocean Hill Community Association, Inc., as a non-profit corporation for the purpose of excising the functions aforesaid;

NOW THEREFORE, the Developer declares that the real property described in Exhibit A, shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions") in the manner hereinafter set forth.

ARTICLE I

Section 1. Definitions. Unless the context otherwise specifies or requires, the terms defined in this Article shall, for all purposes of The Villages of Ocean Hill PUD Master Declaration, Supplementary Declaration, and Book of Resolutions have the meanings herein specified.

(a) "Addition" shall mean structural and non-structural expansion of an existing Structure or Improvement, except as otherwise specifically used in Article II of the Master Declarations.

(b) "Architect" shall mean a person appropriately licensed to practice architecture or landscape architecture in any of the United States.

(c) "Articles" shall mean The Articles of Incorporation of The Villages at Ocean Hill Community Association, Inc., which are or shall be Filed in the Office of the Secretary of State of the State of North Carolina as such Articles of Incorporation may from time to time be amended.

(d) "Assessments" shall mean any Assessments levied pursuant to the Master Declaration, including General Assessments, Parcel Assessments, Special Assessments for Capital Improvements and Special Assessments for Maintenance of Property.

(e) "Association" shall mean The Villages at Ocean Hill Community Association, Inc., as established by the Articles and its successors and assigns.

(f) "Board" shall mean the Board of Directors of the Association.

(g) "Book of Resolutions" shall mean the document containing policies and procedures adopted by the Board of Directors as same may be from time to time amended.

(h) "By-Laws" shall mean the By-Laws of the Association which are or shall be adopted by the Board as such By-Laws may from time to time be amended.

(i) "Certified for Occupancy" shall mean the act of the local government and the Environmental Committee which certifies that a structure may be occupied.

(j) "The Villages at Ocean Hill PUD" shall mean all of the real property referred to in Exhibit A of the Master Declaration together with such other real property from time to time annexed thereto pursuant to the provisions of Article II of the Master Declaration.

(k) "The Villages at Ocean Hill Environmental Committee" shall mean the Committee created pursuant to Article VI of the Master Declaration.

(l) "Common Area" shall mean those areas of land shown on any Recorded Subdivision Map of The Properties and improvements thereto, which which are deeded or intended to be deeded, to the Association for the common use and enjoyment of the members. Such areas may include Utility Areas and Utility Easements.

(m) "Contract Seller" shall mean the Owner of a lot who has agreed to sell his lot to a purchaser in a Contract of Sale, but has not conveyed title by deed to such purchaser.

"Designer" shall mean a person trained in the planning, design and drawing of house plans.

(n) "Developer" shall mean Ocean Hill Properties, Inc., and its successors and assigns.

(o) "Environmental Policy" shall mean policies and procedures adopted by The Villages at Ocean Hill Environmental Committee pursuant to Article VI of the Master Declaration.

(p) "Excavation" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for planting) which results in a change in grade or removal of earth, sand or other substance from below the natural surface of such land.

(q) "Exterior Refinishing" shall mean painting a Structure or Improvement in a changed color scheme from the existing on said Structure or Improvement, or resurfacing said Structure or Improvement.

(r) "Fees" shall refer to: (1) Such fees as may be adopted and published by the Board of Directors pursuant to Article VII of the By-Laws, and (2) Such fees as may be adopted by the Environmental Committee pursuant to Article VI of the Master Declaration.

(s) "File" (See "Record or Recorded").

(t) "File Plat" shall mean Subdivision Map that has been duly Filed in the local government Recording office having jurisdiction.

(u) "Fill" shall mean any addition of rock, earth, or sand materials to the surface of the land which increases the natural elevation of such surface.

(v) "Front Lot Line" shall mean that Lot Line which is contiguous to the Street servicing said Lot. In those cases where a Lot has double Street frontage or is not contiguous to a platted Street, the Front Lot Line shall be as designated by the Supplementary Declaration.

(w) "Front Yard" shall mean that portion of a Lot lying between the Front Lot line and Front Building Line.

(x) "Front Yard Line" shall mean that line other than Lot Lines which designates the Front Yard.

(y) "Garage" shall mean an enclosed Structure for motor vehicle storage or parking. Such Garage may or may not be attached to or under a Living Unit.

(z) "Guest" shall mean an invitee at The Villages of Ocean Hill Community Association or its members.

(aa) "Improvement" shall mean things that enhance The Properties such as roads, driveways, parking areas, walks, fences, landscaping, retaining walls, docks, patios, swimming pools, windbreaks, poles, signs, towers, and similar elements exclusive of Structures.

(ab) "Landscapes" shall mean to arrange or change features of the land aesthetically.

(ac) "Living Unit" shall mean any portion of a structure situated upon The Properties designed and intended for use and occupancy as a residence by a single family.

(ad) "Lot" shall mean any numbered Lot as designated on a Subdivision Map of The Properties.

(ae) "Maintenance Trust" shall mean the depository agreement established by a trust agreement between Owners, the Association and a designated depository for the purpose of receiving regular payments from the Owner to be held, managed, invested and disbursed for their benefit and in satisfaction of their obligations for maintenance, insurance, utilities, residential services of such other obligations for which the Owner may be, or become, responsible.

(af) "Major Remodeling" shall mean structural changes and additions to the exterior appearance of a Structure or Improvement such as changes in roof line and positions of exterior walls.

(ag) "Manager" shall mean the person or corporation which the Board of Directors, pursuant to the By-Laws, may from time to time employ to manage the affairs of the Association.

(ah) "Master Declaration" shall mean the Master Declaration of Covenants and Restrictions for The Villages of Ocean Hill, PUD, Corolla, North Carolina.

(ai) "Minor Exterior Remodeling" shall mean non-structural alterations to the exterior for appearance of a Structure or Improvement such as additions to decks, porches and driveway surfaces.

(aj) "New Construction" shall mean original Structures, and Improvements and shall not pertain to remodeling or additions.

(ak) "Notice" shall mean notification as described in the By-Laws except as may otherwise be specified in the Master Declaration, Supplementary Declaration and Book of Resolutions.

(al) "Occupant" shall mean those who are not owners who occupy a Living Unit or Commercial Lot.

(am) "Owner" shall mean the Record Owner, whether one or more persons or entities, of the fee simple title to any Lot, including Contract Sellers, but excluding those having such interests merely as a security for the performance of an obligation.

(an) "Phase" shall mean all platted subdivisions of one or more Lots which are subject to the same Supplementary Declaration.

(ao) "Private Street or Private Road" shall mean any paved vehicular way built to county street standards, and shall exclude any apron or other paved area constructed for the purpose of providing paved access from such Street to any Lot.

(ap) "Public Street" shall mean any paved vehicular way built to county standards and dedicated for public use.

(aq) "Rear Yard" shall mean the portion of a Lot lying between the Rear Lot Line and Rear Building Line.

(ar) "Record or Recorded" shall mean, with respect to any document, that said document shall have been duly Recorded in the local government Recording office having jurisdiction.

(as) "Recreational Facility" shall mean any Improvement or Structure used for or in connection with any recreational purpose.

(at) "Recreational Membership" shall mean a non-property owner with rights to enjoyment of The Villages at Ocean Hill's recreational facilities.

(au) "Structure" shall mean any building or part thereof intended to protect people or goods from climatic conditions and shall include commercial buildings, residences, garages, and related accessory Structures.

(av) "Subdivision Map" (see File Plat).

(aw) "Supplementary Declaration" shall mean any declaration or covenants, conditions and restrictions which may be Recorded by the Developer, which extends the provisions of this Master Declaration to a Parcel and contains such complementary provisions for such Parcel as are herein required by this Master Declaration.

(ax) "The Properties" shall mean and refer to all real property which becomes subject to the Master Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of Article II thereof.

(ay) "Unimproved Lot" shall mean any Lot on which no Structure or Improvement has been Certified for Occupancy.

ARTICLE II
PROPERTY SUBJECT TO MASTER DECLARATION

Section 1 Existing Property. The real property which is and shall be held, transferred, sold, conveyed, and occupied subject to the Master Declaration, is any portion of the real property described in Exhibit A, which is or may hereafter be described and designated by the Developer in a Supplementary Declaration duly executed and recorded.

Section 2. Additions to Existing Property. Additional property may become subject to the Master Declaration in the following manner:

(a) Additions by the Developer. The Developer, its successors and assigns shall have the right to bring within the scheme of this Master Declaration additional property in the vicinity of the lands described in Exhibits A which is or may hereafter be described and designated in a Supplementary Declaration duly executed and Recorded.

(b) Other Additions. Notwithstanding the foregoing, additional lands and of the Association, pursuant to a majority of votes of Owners who are voting in person or by proxy at a regular meeting of the Association or at a meeting duly called for this purpose.

The additions authorized under subsections (a) and (b) shall be made by the Filing of Record one or more Supplementary Declarations with respect to the additional property.

(c) Mergers. Upon a merger or consolidation of another association with the Association, its properties, rights and obligation may, as provided in its Articles of Incorporation, by operation of law be transferred to another surviving obligations of another association or, alternatively, the properties, rights and obligations of another association may by operation of law be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Master Declaration within the Existing Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Master Declaration with the Existing Property except hereinafter provided.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Members and Membership Address Notification. Every person or entity who is an Owner of a fee simple title to any Lot which is subject by covenants of Record to Assessments by the Association, including Contract Sellers, shall be a member of the Association. The foregoing does not include persons or entities who hold an interest merely as a security for the performance of an obligation.

For purpose of notification each member shall be responsible for advising the Association in writing of his correct current mailing address. All official notices shall be in accordance with the provisions of the By-Laws.

Section 2. Voting Rights. The Association shall have two classes of voting memberships:

Class A. A Class A Member shall be an Owner of a Lot and shall be entitled to one vote for each Lot owned. The Owner of a Commercial Lot shall have one vote for each two-thousand (2,000) square feet, or major portion thereof.

Class B. The Class B Member shall be the Developer which shall be entitled to three (3) votes for each Lot owned by it. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs first:

(i) when the total votes outstanding in a Class A Membership equal the total votes outstanding in the Class B Membership, or

(ii) December 31, 1995.

When more than one person holds interest or interests in any Lot, the vote for such Lot shall be excised as they among themselves determine.

ARTICLE IV COMMON AREA

Section 1. Obligations of the Association. The Association, subject to the rights of the Owners set forth in the Master Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean, attractive and sanitary condition, order and repair.

Section 2. Members' Easements of Enjoyment. Subject to the provisions herein, and to the policies and procedures established by the Association, every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot.

Section 3. Extent of Members' Easement.

(a) The Association shall establish policies and procedures by Resolution in accordance with the Master Declaration governing the use of the Common Area, including, but not limited to:

(1) The use of roads including:

(a) parking restrictions and limitations;

- (b) maximum speeds for vehicular travel;
- (c) the time or times when commercial vehicles may be permitted to use the roads; and
- (d) the type or types of vehicles other than conventionally equipped passenger automobiles which, may be permitted to use the roads.

(2) The collection and disposal of refuse;

(3) Burning and fires;

(4) The maintenance of animals within The Properties; and

(5) Camping

(b) The members' easements of enjoyment created hereby shall be subject to the following:

(1) The right of the Association to establish and collect reasonable admission and other fees for the use of the Common Areas;

(2) The right of the Association to suspend the right of an Owner to use the recreational facilities for any period during fifteen (15) days after notice: the right of the Association to suspend the right of a member to use the recreational facilities for a period not to exceed sixty (60) days for any other infraction of the Master Declaration or the Book of Resolutions;

(3) The right of the Association to mortgage any or all of the facilities constructed on the Common Area for the purpose of improvements or repair to Association land or facilities pursuant to approval of the Class B member and of two-thirds (2/3) of the votes of the Owners who are voting in person or by proxy at a regular meeting of the Association or at a meeting duly called for this purpose;

(4) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the members; no such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Owners, agreeing to such dedication or transfer, has been Recorded;

(5) The right of the Association to grant easement or right-of-way to all or any part of the Common Area to any public agency, authority or utility for the utility for the purposes of constructing, operating and maintaining thereon public thoroughfares and utility service systems pursuant to the approval by the class B member and two-thirds (2/3) majority vote of the Board of Directors at a regular meeting of the Board or at any meeting duly called for this purpose.

Section 4. Delegation of Use.

(a) Any Member may delegate his right of enjoyment to the Common Area and facilities to the members family and his Guests.

(b) The Association may grant owners of lots in Ocean Hill, Section 1, and selected individuals and families and their guests not to exceed 150 families total, the right of enjoyment of the Common Area and facilities of The Villages at Ocean Hill ("Recreational Membership").

The provisions of (a) and (b) above shall be subject to such policies and procedures as may be established from time to time by the Association, and included within the Book of Resolutions.

Section 5. Improvement or Alteration of Common Area. No improvement, Excavation or other work which in any way alters any Common Area from its natural or existing state on the date such Common Area was conveyed by the Developer to the Association shall be made or done except in compliance with the policies and procedures established by the Association.

Section 6. Damage or Destruction of Common Area by Owner. In the event any Common Area is damaged or destroyed by an Owner or any Guests, tenants, licensees, agents or member of his family, such Owner does hereby authorize the Association to repair said damaged area; the Association shall repair said damaged area in a good work-manlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently with the approval of the Environmental Committee. The amount necessary for such repairs shall become a Special Assessment upon the Lot of said Owner.

Section 7. Title to Common Area. The Developer may retain the legal title to the Common Area or portion thereof until such time as he has completed improvements thereon, but notwithstanding any provision herein, the Developer hereby covenants that he shall convey the Common Area and portions thereof to the Association, free and clear of all liens and financial encumbrances. Members shall have all the rights and obligations imposed by the Master Declaration with respect to such Common Area. The Association shall be liable for payment of taxes for such Common Area after title is conveyed and each Owner shall be obligated for his equal share of said taxes and will be assessed for same by the Association by regular monthly/yearly budgeted assessments or by special assessment, as provided for in Article V.

ARTICLE V

COVENANTS AND MAINTENANCE AND SPECIAL ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Developer hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be expressed in such deed, is deemed to covenant and

agree to pay to the Association all Assessments and charges as are established by the Master Declaration.

All such Assessments, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land, shall be a continuing lien upon the property against which each Assessment is made, and shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment fell due.

Section 2. Assessments.

(a) Purpose for Assessment. Assessments levied by the Association shall be used exclusively to promote recreation, health, safety, and welfare of the residents of the Properties and in particular for the improvement, maintenance and operation of the Common Area and facilities.

(b) Basis for Assessment.

(1) Residential Lots: Each Living Unit which is Certified for Occupancy and each Unimproved Lot which has been conveyed to an Owner who is not the Developer shall be assessed at a uniform rate.

(2) Non-Residential Lots: Each two thousand square feet, or major portion thereof, within a non-residential Structure which is Certified for Occupancy and each Unimproved Lot which has been conveyed to an Owner who is not the Developer shall be assessed at a uniform rate established by the board annually and shall not exceed 100 percent of the residential rate.

(3) Recreational Membership: Each non-property owner granted use of the recreational facilities and Common Area by the Association shall be assessed at a uniform rate.

(4) Developer-owned Property: The Class B Member shall pay no assessment except on property it owns which has been Certified for Occupancy. Such property shall be assessed as provided above.

(c) Maximun Annual Assessment.

(1) Within 30 days prior to the commencement of each fiscal year, the Board shall consider the current and future needs of the Association and, in light of those needs, shall fix by Resolution the annual assessment rate to be levied against each lot and recreational membership.

(2) After January 1, of the year immediately following the commencement of Assessments, the Board of Directors may annually decrease the maximum annual assessment rate or increase the maximum annual assessment rate by no more than ten

percent of the maximum for the current fiscal year, to become effective the first day of the next fiscal year.

(3) After January 1, of the year immediately following the commencement of Assessments, the Assessment basis and/or the maximum annual General Assessment may be changed by approval of the Class B Member and two-thirds (2/3) majority of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose.

(d) Method of Assessment. By a vote of two-thirds (2/3) of the directors, the Board shall fix the annual Assessment upon the basis provided above in the amount sufficient to meet the obligations imposed by the Master Declaration provided such amount does not exceed the current maximum. The Board shall set the date(s) such assessments shall become due.

(e) Special Assessments for Capital Improvement. In addition to the annual Assessments authorized above, the Association may levy in any Assessment year a special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, providing that any such assessment shall have the consent of Class B Member and of two-thirds (2/3) of the votes of Owners who are voting in person or by proxy at a special meeting duly called for that purpose.

(f) Special Assessments for Violation of Covenants and Removal of Structure or Improvements. In addition to the above assessments, the Association may levy in any Assessment year a special assessment for the purpose of reimbursing the cost of removing any unauthorized construction, reconstruction, refinishing, alteration or maintenance done or undertaken in violation of the Covenants and Restrictions.

(g) Date of Commencement of Annual Assessments. The annual Assessments provided for herein shall commence with respect to assessable units of the first day of the month following conveyance of a Lot to an Owner who is not a Developer. The initial annual Assessment on any assessable unit shall be adjusted according to the number of whole months remaining in the fiscal year.

(h) Effect of Nonpayment of Assessments' Remedies of the Association.

(1) Any Assessments not paid within thirty (30) days after the due date may upon Resolution of the Board bear interest from the due date at a percentage rate not greater than the current statutory maximum annual interest rate, to be set by the Board for each assessment period. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property or extinguish any or all utilities servicing the Owner's lot. If the Association has provided for collection of annual Assessments in installments, upon default in the payment of any one or more installments, the Association may accelerate payment and declare the entire balance of said Assessment due and payable in full. No Owner may waive or otherwise escape liability for the Assessment provided for herein by non-use of Common Area or

abandonment of his Lot. Recreational memberships may be suspended by the Board of Governors upon non-payment of regular assessments, 15 days delinquent, and may revoke permanently all privileges of such memberships upon 60 days delinquency by Recreational Membership.

(2) The lien of Assessments provided herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lots shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

3) The following property subject to the Master Declaration shall be exempted from Assessments, charges and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all Common Areas; (c) all properties exempted from taxation by state or local governments upon the terms and to the extents of such legal exemption. Notwithstanding any provisions herein, no land or improvements devoted to dwelling or commercial use shall be exempt from said Assessments, charges or liens.

(i) Annual Budget. By a two-thirds (2/3) vote of the directors, the Board shall adopt an annual budget for the subsequent fiscal year, which shall provide for allocation of expense in such a manner that the obligations imposed by the Master Declaration and all Supplementary Declarations will be met.

ARTICLE VI

ENVIRONMENTAL CONTROL

Section 1. The Environmental Committee. An Environmental Committee consisting of three or more persons shall be appointed by the Class B Member. At such time as Class B membership expires, the Committee shall be appointed by the Board of Directors.

Section 2. Purpose. The Environmental Committee shall regulate the external design, appearance, use, location and maintenance of The Properties and of improvements thereon consistent with the objectives of the Master Declaration and in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among Structures and the natural vegetation and topography.

Section 3. Duties. It shall be the duty of the Environmental Committee to consider and act upon the proposals or plans from time to time submitted to it in accordance with Environmental Policies and Procedures Resolution(s) and to adopt, amend or repeal Environmental Committee Policies and Procedures Resolution(s) as provided hereinafter, to establish and collect appropriate fees to cover the cost of its services, and to perform such other duties as may be delegated to it from time to time by the Board.

Section 4. Adoption, Amendment and Repeal of Environmental Committee Resolutions. The Committee may adopt, amend or repeal Policies and Procedures Resolutions by a two-thirds (2/3) vote of the Environmental Committee, following a public hearing for which due notice has been provided and pursuant to an affirmative vote of two-thirds (2/3) of the Board of Directors. A copy of the adopted, amended or repealed Resolution, certified by the Chairman of the Environmental Committee, shall be included in the Book of Resolutions and shall have the same force and effect as if it were set forth in and were a part of the Master Declaration or any Supplemental Declaration.

Section 5. Procedures. An applicant may appeal an adverse Environmental Committee decision to the Board of Directors who may reverse or modify such decision by a two-thirds (2/3) vote of the Directors.

ARTICLE VII

USE OF PROPERTY

Section 1. Maintenance of Lots, Structures and Improvements.

(a) Covenant for Maintenance of Lots, Structures and Improvements.

Unless otherwise provided in a supplementary Declaration, each Owner shall keep all Lots owned by him and all Structures and Improvements therein or thereon in good order and repair, and free of debris including, but not limited to, the upkeep and mowing of all planted materials, the pruning and cutting of all planted and natural trees and shrubbery, and the painting (or other appropriate external care) of all Structures and other Improvements, all in a manner and with such frequency as is consistent with good property management.

(b) Association's Remedy Unmaintained Lots, Structures, and Improvements. In the event an Owner of any Lot shall fail to maintain the Lot and all Structures and the Improvements situated thereon, as provided herein, or in a Supplementary Declaration, the Association, after notice to the Owner as provided in the By-laws and approval by two-thirds (2/3) vote of the Board of Directors, shall have the right to enter upon said Lot to correct drainage and to repair, maintain and restore the Lot and exterior of the buildings and any other Improvements erected thereon. All costs related to such correction, repair or restoration shall become a Special Assessment upon such Lot.

(c) Independent Lien for Unpaid Maintenance Assessment. All unpaid costs shall be, and become, an independent lien upon each Owner's Lot if, and to the extent, not duly paid. The Independent Lien for unpaid Maintenance or repair costs shall have the same scope, enforceability, and priority afforded to assessment liens pursuant to Article V, Section 2.(g) herein.

Section 2. General Restrictions.

(a) Improvements and Alterations. No Improvements, alterations, repairs, change of paint colors, excavations, changes in grade or other work which in any way alters the

exterior of the Structure or Improvements located on a Lot from its natural or improved state existing on the date such Lot was first conveyed in fee by the Developer to an Owner shall be made or done without the prior approval of the Environmental Committee, except as otherwise expressly provided in this Master Declaration. No building, fence, wall, residence, or other Structure shall be commenced, erected, improved, altered, made or done without the prior written approval of the Environmental Committee.

(b) Nuisances. No nuisances shall be permitted to exist or operate upon any property so as to be detrimental to any other property in the vicinity thereof or its occupants. No noxious or offensive activity shall be carried on, nor shall anything be done or placed on The Property which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to other Owners in the enjoyment of their private homes, or in their enjoyment of Common Areas. In determining whether there has been a violation of this paragraph recognition must be given in the premise that Owners, by virtue of interest and participation in the Properties, are entitled to reasonable enjoyment of the natural benefits and surroundings of the Properties.

(c) Residential Use. All property designated for residential use shall be used, improved and devoted exclusively to residential use and no more than one family (including its servants and transient guests) shall occupy a Lot; provided, however, that nothing in this paragraph shall be deemed to prevent any artist, artisan or craftsman from pursuing his artistic calling upon a Lot if such artist, artisan or craftsman (1) also uses such Lot for residential purpose, (2) is self employed and has no employees working on such Lot, and (3) does not advertise or offer any product or work of art for sale to the public upon or from such Lot.

(d) Restrictions on Further Subdivision. Unless otherwise provided in a Supplementary Declaration, no Lot which has been conveyed by the Developer shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by an Owner, provided that this shall not prohibit deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments.

(e) Exceptions. The Environmental Committee may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Committee can show good cause and acts in accordance with adopted policies and procedures.

Section 3. Utility Easements. There is hereby created and reserved a blanket easement upon, across, over, through and under each Lot for ingress, egress, installation, replacement, repair, and maintenance of all utility and service lines and systems including, but not limited to water, sewers, gas, telephones, electricity, television, cable or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the Developer or the providing utility or service company to install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wires, circuits, and conduits on, in and under the roofs and exterior walls of said residence providing such company restores disturbed areas to the condition in which they were found. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or utility service lines or facilities for such

utilities may be installed or relocated on said premises except as programmed and approved by the Developer prior to the conveyance of the first Lot in a Phase of development to an Owner or by the Environmental Committee thereafter. This easement shall in no way affect any other Recorded easements on said premises. This easement shall be limited to Structures and Improvements as originally constructed.

Section 4. Developer's Easement to Correct Drainage. For a period of eight years from the date of conveyance of the first Lot in a Phase, the Developer reserves a blanket easement and right on, over and under the ground within that Phase to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Developer shall restore the affected property to its original condition as near as practicable. The Developer shall give reasonable Notice of intent to take such action to all affected Owners, unless in the opinion of the Developer an emergency exists which precludes such Notice.

ARTICLE VIII

PROTECTIVE COVENANTS

Section 1. Residential Uses. All Lots covered by this Master Declaration shall be subject to the following restrictions:

(a) Temporary Structures. No Structures or Improvements shall be constructed, placed or maintained upon any Lot prior to the construction of a permanent Structure; provided, however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of a Structure or Improvement.

(b) Automobiles and Recreational Vehicles. No automobile, trailer of any kind, truck, camper, or boat shall be kept, parked, placed, or maintained on any Lot, Private Street, Public Street or Common Area except as specifically provided in the Master Declaration, Supplementary Declaration and the Book of Resolutions.

(c) Noise. No exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Lot and Improvements located thereon, shall be placed upon any Lot.

(d) Pets. No wild or domestic animals or fowl other than a reasonable number of generally recognized house and yard pets shall be maintained on a Lot except subject to such limitations as may from time to time be set forth in the Book of Resolutions.

(e) Signs. No signs whatsoever, including but without limitations, commercial, political, and similar signs visible from neighboring property, shall be erected or maintained upon any Lot except (1) Such signs as may be required by legal proceedings,

(2) Residential identification signs; "for sale" and rental signs, and other signs as approved and allowed by the Environmental Committee, (3) Such signs as may be erected by the Developer, and (4) as the Association, Master Declaration, Supplementary Declaration and Book of Resolutions may provide from time to time.

(f) Waste. (1) All garbage and trash shall be placed and kept in covered containers. In no event shall such containers be maintained so as to be highly visible from neighboring property. The collection and disposal of garbage and trash shall be in strict compliance with the Book of Resolutions and local codes or ordinances; (2) The accumulation of waste plant material is prohibited except as part of an established compost pile which shall be maintained in such manner as not to be visible from or odoriferous to neighboring property.

(g) Fires. There shall be no exterior fires whatsoever including trash burning, except barbecue fires contained within proper receptacles therefor and such other fires as may from time to time be permitted by the Book of Resolutions.

(h) Antennae. Exterior television or other antennae are prohibited, except as approved in writing by the Environmental Committee.

(i) Septic Systems. No septic system for the disposal of sewage shall be constructed on any Lot, except as approved in writing by the Environmental Committee.

(j) Model House or Exhibits. No Owner except the Developer shall permit any structure on his Lot to be used as a model house or exhibit without the prior written consent of the Environmental Committee.

(k) Mailboxes. Only centrally located mailboxes meeting the design standards of the Environmental Committee shall be permitted, except for mail depositories which are the property of the Unnoted States Post Office department.

Section 2. Exceptions. The Environmental Committee may issue temporary permits to except any prohibitions expressed or implied by this section, provided the Committee acts in accordance with the intent of adopted policies and procedures and can show good cause.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Master Declaration shall run with and bind the land for a term of twenty (20) years from the date this Master Declaration is Recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless at the expiration of the twenty-year term or of any ten-year extension period the covenants and restrictions are expressly terminated by an instrument signed by the Class B Member and by not less than seventy-five percent (75%) of the Class A Members. The Instrument of termination must be recorded.

Section 2. Amendment. THIS Master Declaration may be amended at any time by an instrument signed by the Class B Member and by not less than two-thirds (2/3) of the Owners. Any amendment must be Recorded.

Section 3. Enforcement. The Association, any Owner or the Developer shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Master Declaration and of Supplementary Declarations. Failure to enforce any covenants or restrictions herein contained shall in no event be deemed a wavier of the right to do so thereafter.

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

Section 5. Limitations. As long as there is a Class B Membership, the Association may not use its resource nor take a public position in opposition to the Development or to changes thereto proposed by the Developer. Nothing in this section shall be constructed to limit the rights of the members acting as individuals or in affiliation with other members or groups.

OCEAN HILL PROPERTIES, INC.

By: Gerald Friedman.
President

Attested By: James C. Ward.
Secretary

(CORPORATE SEAL)

XX

State of North Carolina
Currituck County

I, Pamela M. Griggs, Notary Public for the said County and State, certify that James C. Ward, personally came before me this day and acknowledged that he is Secretary of Ocean Hill Properties Inc.,
A corporation, and by that authority duly given and as the act of the corporation, for the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and official seal, this the 9th day of November, 1989.

(Official Seal)
XX

Pamela M. Griggs.
Notary Public

My Commission Expires July 17, 1994.

EXHIBIT A

Lots 1 through 141 as shown and delineated on a plat entitled "The Villages at Ocean Hill, P. U. D. Phase I" recorded in the office of the Register of Deeds of Currituck County, North Carolina in Plat Cabinet D, Slides 150 through 157.

NORTH CAROLINA, CURRITUCK COUNTY

The foregoing certificate(s) of Pamela M. Griggs – Notary of Currituck Co., NC. is (are) certified to be correct. This instrument was presented for registration at 3:54 o'clock P.M. on November 9 1989, and recorded in Book 266, Page 421.

Charlene Y. Dowdy
Register of deeds

By _____
Deputy Register of Deeds